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# COUNTY OF EL DORADO ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2008

#### COUNTY OF EL DORADO ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2008

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#### INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors of the County of El Dorado Placerville, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado, California (the County) as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the South Lake Tahoe Transit Enterprise Fund and the Children and Families Commission as of and for the year ended June 30, 2008, which represents the following percentages of assets, liabilities and revenues of the opinion units as noted below:

Opinion Unit	Assets	<u>Liabilities</u>	Revenues
Business-Type Activities	4.39 %	45.01 %	12.37 %
Discretely Presented Component Units	34.65%	10.29%	27.35%

Those basic financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they related to the amounts included for those entities, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

To the Board of Supervisors of the County of El Dorado Placerville, California

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of El Dorado, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report under separate cover, dated February 25, 2009, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD & A), the Budgetary Comparison Schedules – General Fund, Road Fund, and the schedule of funding progress are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying information identified in the table of contents as combining and individual fund statements and schedules are presented for purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

BARTIG, BASLER & RAY, LLP

Barting Busher & Ray, LLP

Roseville, California

February 25, 2009



Auditor-Controller

### County of El Dorado OFFICE OF AUDITOR-CONTROLLER

360 FAIR LANE PLACERVILLE, CALIFORNIA 95667 (530) 621-5487

> BOB TOSCANO Assistant Auditor-Controller

January 8, 2009

Members of the Board of Supervisors and Citizens of El Dorado County:

This Management's Discussion and Analysis and letter of transmittal of the County of El Dorado's (County) financial statements presents a narrative overview and analysis of the County's financial activities during the fiscal year ended June 30, 2008. Please read it in conjunction with the County's financial statements following this section.

#### FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$544.0 million (net assets). Of this, \$29.9 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, \$157.6 million is restricted for specific purposes (restricted net assets), and \$356.5 million is invested in capital assets, net of depreciation and related debts.
- The County experienced an overall increase in net assets of \$18.4 million. This is almost entirely attributable to governmental activities and is \$38.0 million less than the prior year's increase of \$56.4 million.
- As of June 30, 2008, the County's governmental funds reported combined fund balances of \$188.3 million. Approximately 80.5 percent of this amount, or \$151.6 million, is available to meet the County's current and future needs.
- At the end of the fiscal year, unreserved undesignated fund balance for the General Fund was \$14.2 million or 8.0 percent of the General Fund expenditures during the year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's financial statements. The County's financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the financial statements. Required Supplementary Information is included in addition to the financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The <u>statement of net assets</u> presents information on all County assets and liabilities, with the difference between the two reported as <u>net assets</u>. Over time, increases or decreases in net assets may serve as a useful indicator in determining if the financial position of the County is improving or deteriorating.

The <u>statement of activities</u> presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, <u>regardless of the timing of related cash flows</u>. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but uncollected revenues and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services. The business-type activities of the County include Airports and South Lake Tahoe Transit.

Component units are included in our financial statements and consist of legally separate entities for which the County is financially accountable and that have boards that have been substantially appointed by the County Board of Supervisors and/or provide services entirely to the County. Component units of the County include the El Dorado Transit Authority and Children and Families Commission (Commission).

**Fund Financial Statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on current in-flows and outflows of spendable resources as well as the balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the County's short-term financial position and the financial resources available in the near future to support the County's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *government funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *government funds* and *governmental activities*.

In addition to the *General Fund*, the County maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects, and permanent funds). Major funds are presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Major governmental funds include the *General Fund*, the *Road Fund*, and the *Debt Service Fund*. All other governmental fund types are presented in aggregate as *Other Governmental Funds*.

Proprietary funds are comprised of enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for South Lake Tahoe Transit and County Airports. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds for its self-insurance (Risk Management Authority), which includes general liability, workers' compensation, employee health benefits, and for its fleet operations and maintenance (Fleet Management). Because these services predominantly benefit government rather than business-type functions, they have been included within government activities in the government-wide financial statements.

Proprietary fund financial statements provide similar information as the government-wide financial statements, only in more detail. These statements present the County's business type activities- enterprise funds and government activities- internal service funds. The proprietary fund statements present each of the County's enterprise funds (South Lake Tahoe Transit and County Airports) separately and in aggregate, along with the aggregate of the internal service fund activity. Additional internal service fund financial statements have been provided for Fleet Management and the Risk Management Authority, which provide the detail for each of these funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's programs. The County retains both Investment Trust and Agency type fiduciary funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information** regarding the County's budgetary process has been provided along with budgetary comparison schedules for the General Fund and Road Fund. This budgetary information is in addition to and follows the supplementary schedule concerning the County's progress in funding its obligation to provide pension and retiree health benefits to its employees.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Since prior-year information is available, a comparative analysis of government-wide data is presented.

Net Assets
June 30,
(in thousands)

			vernmental Business-Type Activities Activities				Total					
Assets:		2008		2007		2008		2007		2008		2007
Current and other assets Capital assets Total assets	\$	267,615 359,662 627,277	\$	295,394 323,819 619,213	\$	602 4,121 4,723	\$	1,396 2,702 4,098	\$	268,217 363,783 632,000	\$	296,790 326,521 623,311
Liabilities: Current and other liabilities Long-term liabilities Total liabilities		34,057 53,684 87,741		42,515 53,239 95,754		235 50 285		402 60 462		34,292 53,734 88,026		42,917 53,299 96,216
Net Assets: Invested in capital assets, net of related debt Restricted net assets Unrestricted net assets Total net assets		352,415 157,557 29,564	•	314,422 176,318 32,719	•	4,094 40 304	•	2,666 16 954	*	356,509 157,597 29,868		317,088 176,334 33,673
i otai net assets	_\$	539,536	\$	523,459	\$	4,438	\$	3,636	\$	543,974	\$	527,095

#### Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the County, assets exceeded liabilities by \$544.0 million at the close of the most recent fiscal year.

By far the largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, structures and improvements, and equipment), less any related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these net assets are not available for future spending.

An additional portion of the County's net assets, \$157.6 million or 29.0 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance, \$29.9 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the most current fiscal year, the County is able to report positive balances in all three categories of net assets, for the government as a whole. The following table indicates the changes in net assets for governmental and business-type activities:

### Change in Net Assets June 30, (in thousands)

	Govern: Activ		Busines Activ		Total			
	2008	2007	2008	2007	2008	2007		
Revenues								
Program Revenues:								
Charges for services	\$ 53,973	\$ 81,599	\$ 760	\$ 756	\$ 54,733	\$ 82,355		
Operating grants and						4.0.400		
contributions	122,743	118,120	54	300	122,797	118,420		
Capital grants and						2.040		
contributions	2,789	2,832	1,533	1,016	4,322	3,848		
General Revenues:					104 073	103,171		
Taxes	106,973	103,171	-	-	106,973	103,171		
Use of money and			06	1.4	10.641	12,923		
property	10,515	12,909	26	14	10,541	4,776		
Other revenues	5,152	4,772	2	4	5,154			
Total revenues	302,145	323,403	2,375	2,090	304,520	325,493		
Expenses								
General government	34,796	38,706	•	-	34,796	38,706		
Public protection	110,970	104,298	-	-	110,970	104,298		
Public ways and								
facilities	33,278	29,107	•	-	33,278	29,107		
Health and sanitation	54,115	49,749	•	-	54,115	49,749		
Public assistance	45,552	40,809	•	-	45,552	40,809		
Education	3,719	3,479	-	-	3,719	3,479		
Recreation and culture	1,292	989	-	-	1,292	989		
Interest on long-term								
debt	686	499	-	-	686	499		
Airports	-	-	1,068	1,012	1,068	1,012		
SLT Transit Program			599	428	599	428		
Total expenses	284,408	267,636	1,667	1,440	286,075	269,076		
Excess (deficiency)								
before special items								
and transfers	17,737	55,767	708	650	18,445	56,417		
Transfers	(94)	(143)	94	143		_		
et :		55,624	802	793	18,445	56,417		
Change in net assets	17,643	33,024	- 00Z	133	10,443	30,417		
Net assets at beginning of	500 450	440.004	2.626	2.042	527,095	470,867		
year	523,459	468,024	3,636	2,843	321,093	470,007		
Restate net assets, see a)	(1.5(6)	(100)			(1,566)	(189)		
b) below	(1,566)	(189)			(1,500)	(105)		
Not reads at haginning of			-					
Net assets at beginning of year – restated	521,893	467,835	3,636	2,843	525,529	470,678		
year - restated	321,073	401,000						
Net assets at end of year	\$ 539,536	\$ 523,459	\$ 4,438	\$ 3,636	\$ 543,974	\$ 527,095		
*								

a) The net assets at the beginning of 2008 were reduced by \$1.6 million. The majority of this was an adjustment to the landfill liability that was understated in the prior year.

Governmental activities. The County experienced an overall increase in net assets of \$18.4 million in 2008, less than a third of the net increase experienced in 2007. This is almost entirely attributable to governmental activities and \$38.0 million less than the prior year's increase of \$56.4 million. This decrease in excess revenues was the result of a 6.4 percent decrease in revenues accompanied by a 6.3 percent increase in expenses when compared to the prior year.

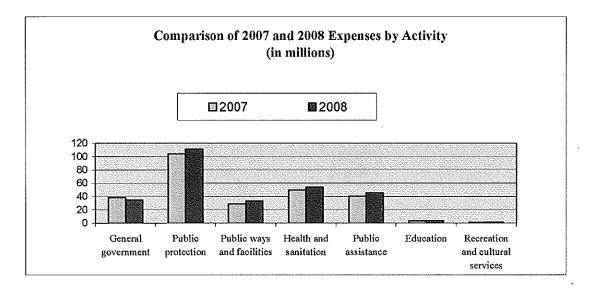
b) Net assets at the beginning of 2007 were restated by a net decrease of \$189 thousand. This negative adjustment was due to an increase of the Risk Management Internal Service Fund's self-insurance liability (\$2 million), reduced by a restatement of the permanent fund balances' for revenues previously deferred (\$1.8 million).

The most significant revenue decrease, 33.5 percent or \$27.6 million, occurred in the charges for services category and included:

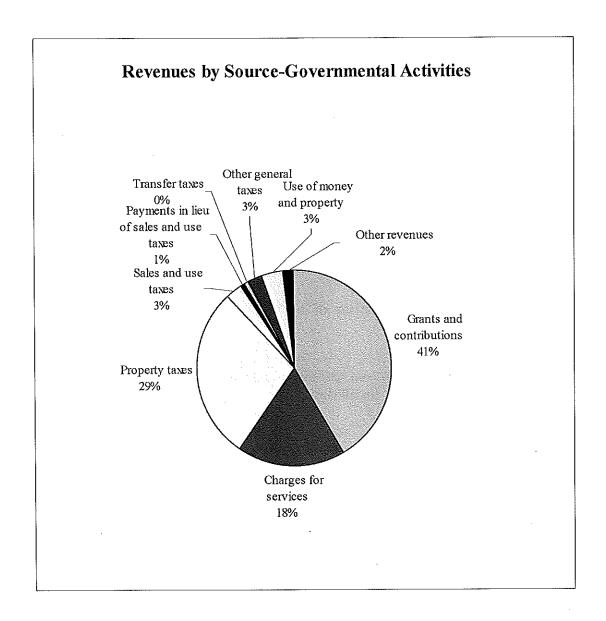
- \$23.3 million decrease in traffic impact mitigation fees from the 2005 El Dorado Hills West Valley project recorded in 2007, compared to zero in 2008,
- \$828 thousand decrease in revenue recorded from State traffic impact mitigation fees,
- \$665 thousand less in Interim Highway 50 traffic impact mitigation fees received in 2008, compared to 2007.

As mentioned, while total revenues decreased by 6.4 percent, total expenses increased by 6.3 percent in 2008 when compared to 2007. Further, increases occurred under almost all of the governmental activity functional areas, including public protection (6.4 percent), public ways and facilities (14.3 percent), health and sanitation (8.78 percent) and public assistance (11.62 percent).

Below is a graph that presents a comparison of 2007 and 2008 expenses under each of the governmental activities,



Following is a graphical presentation of the various revenue sources at the entity-wide level. As presented, the County received most of its recognized revenues from grants and contributions (41 percent), property taxes (29 percent), and charges for services (18 percent):



**Business-type activities.** Business-type activities increased the County's net assets by \$802 thousand. This net increase is primarily the result of \$1.5 million of federal revenues (capital contributions) received and awarded to County Airports for capital improvements.

Similar to prior years, the County Airports operated at a loss, \$354 thousand in 2008 compared to \$299 thousand last year. As in prior years, both the Placerville and Georgetown Airports had a loss from operations, whereby operating expenses exceeded operating revenues (charges for services).

To help finance the operations of business-type activities in 2008, County governmental funds contributed \$94 thousand to the County Airports during the year.

#### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. Governmental activities are generally accounted for under the General, special revenue, permanent, debt service, and capital project funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's short-term financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of June 30, 2008 the County's governmental funds reported a combined ending fund balance of \$188.3 million, compared to the \$211.9 million fund balance of the previous year. Approximately 80.5 percent of this fund balance, or \$151.6 million, is unreserved and undesignated and thus is available to meet the County's current and future spending needs. The remainder of the fund balance has either been reserved and is not available for spending, or has been designated for a specific spending purpose in the future.

The General Fund is the chief operating fund of the County. As of June 30, 2008, the General Fund's unreserved undesignated fund balance was \$14.2 million, a decrease of \$12.2 million from last year. This decrease is due to a net change (decrease) in the General Fund's balance of \$5.1 million during the year, an increase in reserves for advances to other funds of \$3.3 million and an increase in capital project designations of \$3.8 million. The \$3.3 million increase in reserves was due to a General Fund advance to the County Mental Health special revenue fund to cover operating and cash deficits.

The June 30, 2008 unreserved undesignated fund balance, as compared to General Fund expenditures for the year, is approximately 8.0 percent, compared to 15.3 percent last year. Thus, without any additional revenue inflows, this fund balance could support the General Fund's activities for approximately 29 days, compared 56 days last year.

In addition to the General Fund, the County maintains two major governmental funds, the Road Fund and the Debt Service Fund. The Road Fund accounts for the planning, design, construction, maintenance, and administration of the County's transportation activities (public ways and facilities). The Road Fund recorded \$21.3 million in revenues in 2008, compared to \$18.3 million last year. Similarly, expenditures recorded in this fund increased by over \$13.7 million, \$64.5 million in 2008 compared to \$50.8 million in 2007, and may be attributed to increased road maintenance and administration activities during the year. While the Road Fund reported expenditures over revenues by \$43.3 million, \$47.4 million of transfers in of special taxes and road fees from other County special revenue funds resulted in the Road Fund increasing its fund balance by \$4.1 million in 2008.

The Debt Service Fund accounts for the accumulation of resources and payment of general long-term debt principal and interest. The Debt Service Fund's revenues totaled \$643 thousand in

2008, compared to \$609 thousand in 2007. The \$2.2 million of expenditures in 2008 were also comparable to the prior year.

The combined governmental fund balances decreased by \$23.8 million during 2008, compared to a \$23.8 million increase last year. This decrease in fund balances was the result of expenditures increasing by 10.2 percent, \$334.1 million in 2008 compared to \$303.1 million in 2007, accompanied by a decrease in revenues of 5.2 percent, \$310.6 million in 2008 compared to \$327.5 million in 2007. Thus, and unlike prior years, the combined governmental funds realized a significant deficiency in revenues, or excess of expenditures, in 2008. Further, while the other governmental funds column reports excess revenues over expenditures of \$24.2 million in 2008, significant revenue deficits occurred among some special revenue funds. Those special revenue funds with the most significant losses, whereby expenditures exceeded revenues and necessitated the use of available beginning fund balances or transfers from other funds in 2008, included:

- Department of Transportation Special Revenue Funds incurred a \$22 million operating deficit in 2008, most of which was due to the transfer of \$17.6 million of traffic impact mitigation (TIM) fees earned in prior periods to the Road Fund in 2008 for road improvements, and
- Mental Health Special Revenue Fund \$2.7 million operating deficit in 2008, compared to a \$2.4 million operating deficit in 2007, due to further decreases in revenues accompanied by increases in expenditures when compared to prior years.

While sufficient fund balances were available and budgeted to fund transfers from DOT special revenue funds for road improvements to the Road Fund, the Mental Health fund did not have sufficient fund balance available to compensate for operating deficits occurring over the past two fiscal years. As a result, and as of June 30, 2008, the Mental Health Fund has a fund deficit balance of \$1.4 million and required a cash advance of \$3.3 million from the General Fund. County management is aware of this trend and is actively working to stabilize this fund's activity and avoid fund deficits in the future.

**Proprietary funds.** As described earlier, when certain activities are preformed for which user fees or charges are designed to cover expenditures, proprietary funds are used. The County accounts for both governmental activities (internal service funds) and business type activities (enterprise funds) using these types of funds.

As discussed earlier, the net assets of enterprise funds increased by \$802 thousand primarily due to non-operating capital improvement revenues received by the County Airports. Also discussed earlier, the County enterprise funds have not been able to generate sufficient operating revenues to cover expenses, which in turn necessitated governmental fund contribution of \$94 thousand in 2008.

Net assets of the internal service funds increased by \$1.6 million. While the majority of the increase is attributable to an increase in net assets realized by the Risk Management Authority, the Fleet Management Internal Service Fund also realized an increase of net assets of \$216 thousand.

#### GENERAL FUND BUDGETARY ANALYSIS

The original and the final amended budgeted revenues increased by \$1.7 million, less than one percent, while budgeted expenditures increased by \$3.0 million, or 1.32 percent. The largest of the revenue budget modifications included:

- \$636 thousand increase in estimated State intergovernmental revenues,
- \$658 thousand increase in estimated Federal intergovernmental revenues,
- \$720 thousand decrease in estimated charges for services,
- \$1 million increase in estimated other financing sources,

While the largest expenditures budget modifications included:

- \$500 thousand increase in budgeted contributions to other funds,
- \$540 thousand increase in the public protection's Superior Court MOE budget,
- \$269 thousand increase in the District Attorney's budgeted expenditures,
- \$1.6 million increase in the Sheriff's budgeted expenditures,
- \$300 thousand increase in the Building Inspector's budget,
- \$291 thousand decrease in the Planning and Zoning budget, and
- \$402 thousand increase in Categorical Aid.

The variance between resources budgeted (original and final) and the actual amounts received were more significant, with a negative variance of \$14 million or 6.8 percent. Specifically, compared to a final resource budget of \$205.5 million, actual funding equaled \$191.5 million. This budget shortage of revenues can be attributed to the over-forecasting of revenue sources including but not limited, taxes and assessments (\$2.7 million under budget), interest revenue (\$1.2 million under budget), State revenues (\$6.2 million under budget), and other financing sources (\$3.8 million under budget).

The difference between the budgeted expenditures and actual were also significant. Specifically, expenditures fell \$28.9 million or 12.8 percent below the final budget. This variance occurred under each government activity, whereby department's expenditures fell below projections, the most significant of which included:

- General Government Actual expenditures fell below final budget by \$16.1 million or 23.0 percent. While almost all of the general government operating units had expenditures that fell below their final budget, some showed considerable differences (budget exceeded actual expenditures by over \$200 thousand), including the Auditor/Controller, Treasurer/Tax Collector, County Counsel, Recorder-Elections, Buildings and Grounds, Information Technologies, Surveyor, County Engineer, and Chief Administration Office's Contributions to Other Funds.
- Public Protection Actual expenditures fell below final budget by \$10.9 million or 9.8 percent. Similar to the general government function, most of the departments under public protection fell below their budgets, with many departments falling significantly below budget (budget exceeded actual expenditures by over \$200 thousand) including Child Support Services, Public Defender's Office, Sheriff, Sheriff-Bailiff, Central

- Dispatch, Jail, Juvenile Hall, Probation, Emergency Services, and Planning and Zoning departments.
- Health and Sanitation Environmental Management Actual expenditures fell below final budget by \$259.6 thousand or 8.85 percent with salaries and benefits making up the majority, falling below budget by over \$183 thousand.
- Public Assistance Actual expenditures fell below final budget by \$1.2 million or 3.2 percent mostly due to the Social Services Administration Unit falling below budget by \$992 thousand.

In general, County management's practice of over budgeting both General Fund inflows and outflows continues. Further, budget amendments increasing budgeted revenues during the year increased rather than decreased the revenue budget to actual variances at year-end. Similarly, amendments to increase budgeted expenditures also broadened the gap between budget and actual expenditures. As noted, while both the revenue and expenditure budgets were inflated, the expenditure budget was considerably more so (12.8 percent excess budgeted expenditures compared to 6.8 percent excess budgeted revenues). Further, while an anticipated \$4.4 million remained budgeted as an increase in fund balance (contingency), the actual deficiency of revenues to expenditures or reduction to fund balance was a \$5.1 million. Had actual or authorized expenditures been closer to estimate, the use of contingency or fund balance could have been as great as \$34.0 million (\$229.9 million budgeted appropriations, less \$4.4 million budgeted increase to contingency, less actual inflows/revenues of \$191.5 million). Thus, while management's budget practices meet the legal requirements for a "balanced" budget, the inflated budget is limited in its ability to provide management with a useful tool for monitoring performance and controlling expenditures and could ultimately result in a General Fund cash deficit at year-end.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets for its governmental and business type activities as of June 30, 2008 amounts to \$363.8 million (net of accumulated depreciation). The investment in capital assets includes land and improvements, construction in progress, infrastructure, structures and improvements, and equipment. Fixed assets increased by a net of \$37.3 million in 2008.

Major capital asset events during the current fiscal year included the following:

- \$3.7 million in additions to land and improvements consisting of \$3.0 million in right of way purchases for road improvements plus \$692 thousand Chili Bar land purchase.
- \$6.1 million increase in the governmental activity construction projects, including \$2.5 million for construction of a new animal control facility and \$453.2 thousand in construction costs related to the El Dorado Hills Senior Center.
- \$45.0 million in infrastructure additions and reconstructions (county roads). While a portion of these additions were donated by private parties (\$848 thousand), most were the result of County funded additions and improvements and included the Missouri Flat Interchange expansion (\$17.6 million), Cameron Park and Palmer Drives intersection reconstruction (\$1.3 million), road improvements to White Rock Road west of Latrobe Road (\$1.2 million), Latrobe Road US 50 to White Rock Road (\$2.8 million), Latrobe

Road Suncast Lane to Golden Foothill South (\$1.6 million), and Mother Lode Drive two-way turn widening in Shingle Springs (\$1.8 million).

Additional information on the County's capital assets can be found in note 4 in the notes to the financial statements.

**Debt Administration**. As of June 30, 2008 the County's outstanding long-term debt totaled \$10.9 million. The largest components of this obligation consist of \$6.0 million in bond debt, followed by \$3.7 million notes payable and \$1.2 million capital lease obligations. Additional information on the County's long-term debt can be found in note 6 in the notes to the financial statements.

#### OTHER COUNTY OBLIGATIONS

The County has contractually obligated itself with various labor organizations to provide post retirement benefits to its employees and former employees. As a result, the County has assumed significant unfunded obligations to its retirees and future retirees. Although these obligations are described in the notes to the financial statements, only the Retiree's Health obligation has been partially presented, in year one of a 20-year amortization, as a liability on the County's financial statements.

As of June 30, 2008 the County calculated its unfunded or net obligation at \$211.6 million, using actuarial reports dated June 30, 2007 for the CalPERS plans and June 30, 2008 for Retiree's Health plan. The resulting computation of the unfunded or net obligation as of June 30, 2008 may be summarized as follows:

Post Retirement			Actu	arial Value of	U	nfunded
Benefit Plan		Liability	Plan Assets		Lia	bility (UL)
CalPERS Safety	\$.	167,483,888	\$	131,342,533	\$	36,141,355
CalPERS Misc		379,808,188		316,605,643		63,202,545
Retiree's Health		112,218,000				112,218,000
Total	\$	659,510,076	\$	447,948,176	\$	211,561,900

The above Retiree's Health liability of \$112.2 million is based on the assumption that the Board of Supervisors will not enforce a cap on the County's contribution. Because the Retiree's Health benefit plan is a defined benefit plan, generally accepted accounting principles require the County to recognize its retiree's health obligation without the cap limitation for financial reporting purposes until such cap is enforced and thereby begins to alter the established pattern of sharing costs. The Retiree's Health actuarial value of plan assets is valued at zero because the assets are not held in a qualifying trust. However, the County has set aside cash to fund this obligation, which as of June 30, 2008 totaled \$11,967,793.

#### REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the El Dorado County Auditor-Controller, 360 Fair Lane, Placerville, California 95667.

Respectfully submitted,

El Dorado County Auditor-Controller

### BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS

#### Statement of Net Assets June 30, 2008

	(	Governmental Activities		isiness-Type Activities		Totals	_ (	Component Units
ASSETS			-			-		
Cash and investments	\$	224,213,538	\$	518,823	\$	224,732,361	\$	12,049,318
Restricted cash and investments		1,761,654		39,911		1,801,565		152,209
Cash with fiscal agents		2,378,770				2,378,770		
Accounts receivable		5,551,864		24,620		5,576,484		97,437
Special assessments receivable		1,845,641				1,845,641		
Interest receivable						<del></del>		31,170
Due from other governments		24,920,276		22,990		24,943,266		1,230,539
Notes receivable		2,309,657				2,309,657		
Inventory and prepayments		1,547,125		82,564		1,629,689		131,196
Internal balances		86,818		(86,818)				
Notes receivable, long term		3,000,000				3,000,000		
Capital Assets:								
Nondepreciable		54,236,322		238,042		54,474,364		639,246
Depreciable, net		305,425,667		3,882,897		309,308,564		4,576,196
Total Assets	\$	627,277,332	\$	4,723,029	\$	632,000,361	<u>\$</u>	18,907,311
LIABILITIES								
Accounts payable	\$	14,048,463	S	92,342	\$	14,140,805	\$	685,804
Accrued salaries and benefits		3,894,421		5,684		3,900,105		57,604
Accrued interest payable		49,969		942		50,911		
Due to other governments		649,480				649,480		
Unearned revenue		6,976,192		126,465		7,102,657		3,369,209
Other liabilities		189,605				189,605		
Long-term liabilities:								
Liability for other post-employment benefits:								
Due beyond one year		11,250,000				11,250,000		
Liability for self-insurance:								
Due within one year		5,071,944				5,071,944		
Due beyond one year		12,760,316				12,760,316		540,930
Liability for landfill closure and post-closure:		,,						
Due beyond one year		8,109,469				8,109,469		
Compensated absences:		*,***,				, ,		
Due within one year		972,739				972,739		118,596
Due beyond one year		12,900,795		32,745		12,933,540		118,596
Other liabilities:		12,500,755		023,1 10		<b>,</b> ,-		•
Due within one year		2,394,146		9,463		2,403,609		
Due beyond one year		8,473,787		17,472		8,491,259		
Total Liabilities	_	87,741,326	-	285,113	_	88,026,439	-	4,890,739
		·						
NET ASSETS		050 *** ***		1001001		256 500 770		5,215,442
Invested in capital assets, net of related debt		352,414,775		4,094,004		356,508,779		3,213,442
Restricted for:						11.51.550		
Capital projects		11,514,557				11,514,557		
Debt service		4,575,400				4,575,400		
Public safety		7,150,561				7,150,561		
Community resources and public facilities		105,264,061				105,264,061		<del></del>
Health and public assistance		14,689,755				14,689,755		
General government and support programs		13,441,229				13,441,229		
Other purposes		921,871		39,911		961,782		6,047,761
Unrestricted	_	29,563,797		304,001		29,867,798		2,753,369
Total Net Assets		539,536,006		4,437,916		543,973,922		14,016,572
Total Liabilities and Net Assets	<u>s</u>	627,277,332	<u>\$</u>	4,723,029	<u>\$</u>	632,000,361	<u>\$</u>	18,907,311

### Statement of Activities For the Year Ended June 30, 2008

		Program Revenues						
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
<b>Primary Government:</b>								
Governmental Activities:								
General government	\$ 34,796,271	\$ 13,648,115	\$ 3,496,903	\$ 14,064				
Public protection	110,969,621	13,244,156	27,371,067	30,142				
Public ways and facilities	33,277,501	15,228,310	17,287,966	861,117				
Health and sanitation	54,115,236	10,838,882	31,380,321					
Public assistance	45,551,954	409,406	42,974,340	H ==				
Education	3,719,284	413,529	191,071					
Recreation and cultural services	1,292,106	190,588	41,162	1,883,781				
Debt Service:	, ,	,	,	, ,				
Interest and fiscal charges	686,457							
Total Governmental Activities	284,408,430	53,972,986	122,742,830	2,789,104				
Business-Type Activities:								
Airports	1,068,174	709,235	m +-	1,009,471				
South Lake Tahoe Transit Program	599,329	50,841	54,404	523,043				
Total Business-Type Activities	1,667,503	760,076	54,404	1,532,514				
<b>Total Primary Government</b>	\$ 286,075,933	\$ 54,733,062	\$ 122,797,234	\$ 4,321,618				
Components Units:								
El Dorado Transit Authority	\$ 6,212,509	\$ 1,119,927	\$ 4,093,495	\$ 564,216				
Children and Families Commission	1,787,444	,,-	2,012,396					
<b>Total Component Units</b>	\$ 7,999,953	\$ 1.119,927	\$ 6,105,891	\$ 564,216				

#### General Revenues:

Taxes:

Property taxes

Sales and use taxes

Payments in lieu of sales and use taxes

Transfer taxes

Other general taxes

Unrestricted interest and investment earnings

Other revenues

Transfers

Total General Revenues and Transfers

#### Change in Net Assets

Net assets - July 1, restated

Net assets - June 30

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets

		Primary Government						
	Governmental	Business-Type		Component				
	Activities	Activities	Total	Units				
				•				
\$	(17,637,189)	\$	\$ (17,637,189)	\$				
	(70,324,256)		(70,324,256)					
	99,892		99,892					
	(11,896,033)		(11,896,033)					
	(2,168,208)		(2,168,208)	<b>#</b> =				
	(3,114,684)		(3,114,684)					
	823,425		823,425					
	(686,457)	·	(686,457)	<del></del>				
	(104,903,510)		(104,903,510)					
		650,532	650,532					
		28,959	28,959					
		679,491	679,491					
	(104,903,510)	679,491	(104,224,019)					
				(434,871)				
	·			224,952				
_				(209,919)				
	86,825,013		86,825,013					
	8,079,981		8,079,981					
	2,452,222		2,452,222					
	1,453,961		1,453,961					
	8,162,716		8,162,716					
	10,515,064	26,369	10,541,433	411,299				
	5,151,732	1,913	5,153,645	53,754				
	(94,057)	94,057						
_	122,546,632	122,339	122,668,971	465,053				
	17,643,122	801,830	18,444,952	255,134				
	521,892,884	3,636,086_	525,528,970	13,761,438				
\$	539,536,006	\$ 4,437,916	\$ 543,973,922	\$ 14,016,572				

### BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

#### Balance Sheet Governmental Funds June 30, 2008

		uno 50, 2000		Other	Total
		Road	Debt	Governmental	Governmental
	General	Fund	Service	Funds	Funds
ACCETC	General	Tund	SCIVICO	1 (1103	1 41145
<u>ASSETS</u>					
Cash and investments	\$ 23,156,744	\$ 11,200,977	\$ 2,138,173	\$ 142,186,930	\$ 178,682,824
Restricted cash and investments				1,761,654	1,761,654
Cash with fiscal agents		<del></del>	2,221,341	17,490	2,238,831
Accounts receivable	431,328	476,566	14,791	4,359,558	5,282,243
Special assessments receivable	151,520		1,737,171	108,470	1,845,641
Due from other governments	9,616,977	4,406,845		10,896,454	24,920,276
Notes receivable	7,010,711	1,100,010		2,309,657	2,309,657
Due from other funds	2,227,044	1,379,027	17,490	1,483,867	5,107,428
		1,377,027	17,470	2,118,667	5,647,667
Advances to other funds	3,529,000	602,085		41,440	643,525
Inventories			 	345,496	782,002
Prepaid expenses	395,171	41,335		343,470	702,002
Total Assets	\$ 39,356,264	\$ 18,106,835	\$ 6,128,966	\$ 165,629,683	\$ 229,221,748
<u>LIABILITIES</u>					
	0 0 100 700	0 650000	s	\$ 3,354,435	\$ 12,431,441
Accounts payable	\$ 2,487,670	\$ 6,589,336	s	596,527	3,871,543
Accrued salaries and benefits	2,818,846	456,170	••		649,479
Due to other governments	177,701	203,228	 	268,550	
Due to other funds	603,511	23,430	6,000	4,411,099	5,044,040
Advances from other funds				5,647,667	5,647,667
Deferred revenue	791,865	45,786	1,737,171	10,668,398	13,243,220
Total Liabilities	6,879,593	7,317,950	1,743,171	24,946,676	40,887,390
FUND BALANCES					
Reserved for:					
Debt service			2,221,341	189,605	2,410,946
Capital projects	••			84,448	84,448
Encumbrances	654,500	50,914		3,774,878	4,480,292
*****	3,529,000	30,714		2,118,667	5,647,667
Advances	3,329,000	602,085		41,440	643,525
Inventory		41,335		345,496	782,002
Prepaid expenses	395,171			6,800	23,940
Imprest cash	13,640	3,500	<b></b>	3,067,173	3,067,173
Other			<del></del>	3,007,173	3,007,173
Unreserved:					
Designated for:	0.000.054				9,932,874
Economic uncertainty	9,932,874			£ 060 001	
Capital projects	3,774,167			5,860,221	9,634,388
Undesignated and reported in:					14 177 210
General fund	14,177,319			***	14,177,319
Special revenue funds		10,091,051		121,993,638	132,084,689
Permanent funds				481,997	481,997
Debt service funds			2,164,454		2,164,454
Capital projects funds				2,718,644	2,718,644
Total Fund Balances	32,476,671	10,788,885	4,385,795	140,683,007	188,334,358
Total Liabilities and					
Fund Balances	\$ 39,356,264	\$ 18,106,835	\$ 6,128,966	\$ 165,629,683	\$ 229,221,748
Laur Duances	<u> </u>				

The accompanying notes are an integral part of these financial statements.

# Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets June 30, 2008

und Balance - total governmental funds	\$ 188,334,358
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term receivables are not financial resources, and therefore, are not reported in the governmental funds.	3,000,000
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	353,282,050
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds	6,267,028
Internal service funds are used by the County to charge the cost of self-insurance risk management and management of fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:	20,967,434
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.	(49,969)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable Notes payable Capital leases Compensated absences Liability for landfill closure and post-closure Adjustment to liability for other post-employment benefits Other long-term liabilities	(6,070,000) (3,620,719) (1,177,214) (13,815,680) (8,109,469) 717,792 (189,605)
Net assets of governmental activities	\$ 539,536,006

#### Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2008

		General		Road Fund		Debt Service	G	Other overnmental Funds	(	Total Sovernmental Funds
Revenues:					•					
Taxes	\$	91,159,908	\$	16,053	\$		\$	15,774,812	\$	106,950,773
Licenses and permits		6,302,589		80,955				2,727,230		9,110,774
Intergovernmental revenue		52,896,417		16,798,067				53,859,350		123,553,834
Use of money or property		1,663,419		158,722		215,784		6,966,305		9,004,230
Charges for current services		19,292,370		3,445,747		8,000		30,363,018		53,109,135
Fines, forfeits and penalties		897,189				419,414		1,379,199		2,695,802
Other revenue		1,982,672		752,630				3,406,449		6,141,751
Total Revenues		174,194,564	_	21,252,174		643,198		114,476,363	_	310,566,299
Expenditures:										
Current:										25 107 215
General government		34,603,011				78,134		806,700		35,487,845
Public protection		98,653,388						10,652,086		109,305,474
Public ways and facilities				63,234,008				782,221		64,016,229
Health and sanitation		2,667,832						56,599,912		59,267,744
Public assistance		35,016,956				<del></del>		12,286,523		47,303,479
Education		3,461,871						15		3,461,886
Recreation and cultural services		1,069,238						100,000		1,169,238
Capital outlay		1,460,329		1,152,181		<del></del>		6,705,553		9,318,063
Debt service:										
Principal		144,895		124,855		1,810,000		2,015,056		4,094,806
Interest and fiscal charges		30,756		22,787		329,010	_	318,340		700,893
Total Expenditures	_	177,108,276	_	64,533,831		2,217,144		90,266,406	_	334,125,657
Excess (Deficiency) of Revenues Over										
(Under) Expenditures		(2,913,712)		(43,281,657)	_	(1,573,946)		24,209,957		(23,559,358)
Other Financing Sources (Uses):										
Transfers in		17,283,863		47,443,179		2,071,416		17,185,659		83,984,117
Transfers out		(19,492,883)	_	(18,774)				(64,663,802)	_	(84,175,459)
Total Other Financing										
Sources (Uses)		(2,209,020)		47,424,405	_	2,071,416		(47,478,143)		(191,342)
Net change in fund balances		(5,122,732)		4,142,748		497,470		(23,268,186)		(23,750,700)
Fund Balance - beginning of Fiscal Year		37,599,403		6,646,137		3,888,325		163,802,020		211,935,885
Prior period adjustments	_		_					149,173	_	149,173
Fund Balance, End of Fiscal Year	\$	32,476,671	\$	10,788,885	\$	4,385,795	\$	140,683,007	\$	188,334,358

# Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities For the Year Ended June 30, 2008

Net change to fund balance - total governmental funds		\$ (23,750,700)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays Depreciation	\$ 55,651,145 (21,945,746)	33,705,399
Disposal of capital assets: proceeds from the sale of capital assets are a financial resource in governmental funds, but only the net gain or loss is presented in the statement of net assets.		(133,476)
Because long-term receivables will not be collected within the year, they are not considered available resources and are deferred in the governmental funds. Also, repayment from long-term receivables are recognized as revenues in the governmental funds.		
Decrease in long-term receivables  Decrease in deferred revenue	\$ (1,800,000) (114,910)	(1,914,910)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		4,094,806
Some revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in the governmental funds.		1,947,958
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in compensated absences Change in accrued interest payable Change in liability for postclosure landfill costs Change in liability for other post-employment benefits Change in other long-term liabilities		(328,797) 14,436 1,715,311 717,793 17,996
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenues (expense) of the internal service funds is reported with governmental activities.		1,557,306
Change in net assets of governmental activities		\$ 17,643,122

#### Statement of Fund Net Assets Proprietary Funds June 30, 2008

·				a ta en a		n 1	G	overnmental Activities
	Business-Type Activities - Enterprise Funds							
•			S	outh Lake				Internal
		County		Tahoe				Service
		Airports	-	Transit		Total		Funds
ASSETS								
Current Assets:	•	252.556	٠	166.067		610 000	c	45 520 714
Cash and investments	\$	352,556	\$	166,267	\$	518,823	\$	45,530,714
Cash with fiscal agents		21.600				24.620		139,939 269,621
Accounts receivable		24,620				24,620		209,021
Due from other governments		22,990				22,990		23,430
Due from other funds		12 244				12,344		83,100
Deposits		12,344				70,220		38,498
Inventory Test Compart Assets		70,220 482,730	_	166,267		648,997		46,085,302
Total Current Assets		402,730		100,207		040,557	_	40,000,002
Non-current Assets: Capital assets:								
Capital assets. Land		213,711				213,711		40,000
Construction in progress		24,331		₩.		24,331		
Structures and improvements		7,654,343				7,654,343		659,905
Equipment		25,300		109,504		134,804		11,057,958
Accumulated depreciation		(3,801,887)		(104,363)		(3,906,250)		(5,377,924)
Total capital assets, net of accumulated depreciation		4,115,798		5,141		4,120,939		6,379,939
Restricted assets:		. ,		·				
Restricted cash				39,911		39,911		
Total Non-current Assets		4,115,798		45,052		4,160,850		6,379,939
Total Assets	\$	4,598,528	\$	211,319	S	4,809,847	<u>S</u>	52,465,241
LIABILITIES								
Current Liabilities:					_		_	4 44 5 000
Accounts payable	\$	51,415	\$	40,927	\$	92,342	\$	1,617,022
Accrued salaries and benefits		5,684				5,684		22,878
Interest payable		942				942		
Due to other funds		86,818				86,818		 
Liability for self-insurance		0.462				0.462		5,071,944
Notes payable, current portion		9,463		106 465		9,463		
Deferred revenues		154,322	_	126,465 167,392	-	126,465 321,714		6,711,844
Total Current Liabilities	·	134,322	_	107,392	_	321,714		0,711,644
Noncurrent Liabilities:								12,760,316
Liability for self-insurance						<del>-</del>		11,967,793
Liability for other post-employment benefits		32,745				32,745		57,854
Compensated absences				<del></del>		17,472		37,834
Notes payable Total Noncurrent Liabilities	_	17,472 50,217	_	<del></del>		50,217		24,785,963
Total Liabilities		204,539	_	167,392	_	371,931		31,497,807
NET ASSETS								_
Invested in capital assets, net of related debt		4,088,863		5,141		4,094,004		6,379,939
Restricted				39,911		39,911		1,699,749
Unrestricted		305,126		(1,125)		304,001		12,887,746
Total Net Assets		4,393,989		43,927		4,437,916	_	20,967,434
Total Liabilities and Net Assets	\$	4,598,528	<u>\$</u>	211,319	<u>s</u>	4,809,847	<u>s</u>	52,465,241

The accompanying notes are an integral part of these financial statements.

# Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Fiscal Year Ended June 30, 2008

							Governmental
		Business-Typ	e Act	ivities - Ente	erpris	se Funds	Activities
	South Lake					Internal	
	County			Tahoe			Service
	Airports		Transit		Total		Funds
Operating Revenues:							
Fares	\$		\$	50,841	\$	50,841	\$
Service fees		709,235				709,235	34,204,243
Total Operating Revenues		709,235		50,841		760,076	34,204,243
Operating Expenses:							
Salaries and benefits		211,357				211,357	1,096,937
Services and supplies		560,852		581,953		1,142,805	33,190,328
Depreciation		290,858		15,691		306,549	949,165
Total Operating Expenses		1,063,067		597,644		1,660,711 '	35,236,430
Operating Income (Loss)		(353,832)		(546,803)		(900,635)	(1,032,187)
Non-Operating Revenues (Expenses):							
Intergovernmental revenues				54,404		54,404	
Interest income		25,701		668		26,369	1,510,834
Interest expense		(5,107)		(1,685)		(6,792)	
Gain (loss) on sale of capital assets		629				629	(334)
Miscellaneous nonoperating revenue		1,284				1,284	892,550
Total Non-Operating Revenues (Expenses)		22,507		53,387		75,894	2,403,050
Income (Loss) Before Transfers and Capital							
Contributions		(331,325)		(493,416)		(824,741)	1,370,863
Transfers in		94,057				94,057	97,285
Capital contributions		1,009,471		523,043		1,532,514	89,158
Change in Net Assets		772,203		29,627		801,830	1,557,306
Net Assets - Beginning of Year		3,621,786		14,300		3,636,086	19,410,128
Net Assets - End of Year	\$	4,393,989	<u>\$</u>	43,927	\$	4,437,916	\$ 20,967,434

## Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2008

	Governmental Activities			
		Activities - Ent South Lake		Internal
	County	Tahoe		Service
	Airports	Transit	Total	Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers and users	\$ 755,498	\$ 50,841	\$ 806,339	\$
Cash receipts from interfund services provided				34,043,546
Cash paid to suppliers for goods and services	(862,351)	(566,026)	(1,428,377)	(28,420,387)
Cash paid to employees for salaries and benefits	(211,743)		(211,743)	(1,138,422)
Net cash provided (used) by operating activities	(318,596)	(515,185)	(833,781)	4,484,737
CASH FLOWS FROM NONCAPITAL				
FINANCING ACTIVITIES:				
Cash received from other governmental agencies	99,484	180,869	280,353	
Non-operating receipts	1,284		1,284	892,550
Cash received from or paid to other funds	83,461		83,461	73,855
Net cash provided (used) by noncapital				
financing activities	184,229	180,869	365,098	966,405
CASH FLOWS FROM CAPITAL AND RELATED				
FINANCING ACTIVITIES:				
Principal repayments on debt	(9,463)		(9,463)	
Proceeds from sale of capital assets	629		629	126,063
Capital contributions	1,009,471	523,043	1,532,514	89,158
Interest paid on debt	(5,537)		(5,537)	
Payments related to the acquisition of capital assets	(1,725,422)		(1,725,422)	(1,398,469)
Net cash provided (used) by capital and related				
financing activities	(730,322)	523,043	(207,279)	(1,183,248)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	25,701	(1,017)	24,684	1,510,834
Net cash provided by investing activities	25,701	(1,017)	24,684	1,510,834
Net increase (decrease) in cash				
and cash equivalents	(838,988)	187,710	(651,278)	5,778,728
Cash and cash equivalents, beginning of year	1,191,544	18,468	1,210,012	39,891,925
Cash and cash equivalents, end of year	\$ 352,556	\$ 206,178	\$ 558,734	\$ 45,670,653

continued

### Statement of Cash Flows (continued) Proprietary Funds For the Year Ended June 30, 2008

					G	overnmental
	Business-Type Activities - Enterprise Funds				Activities	
	South Lake				Internal	
	County		Tahoe		Service	
	Airports		Transit	Total		Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		***************************************				
Operating income (loss)  Adjustments to reconcile operating income (loss)  to cash flows from operating activities:	\$	(353,832)	\$ (546,803)	\$ (900,635)	\$	(1,032,187)
Depreciation		290,858	15,691	306,549		949,165
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable		46,263		46,263		(160,697)
Inventory		(3,988)		(3,988)		42,895
Prepaid expenses		(12,344)		(12,344)		
Increase (decrease) in:						
Accounts payable		(285,167)	15,927	(269,240)		746,987
Salaries payable		1,414		1,414		1,441
Liability for compensated absences		(1,800)		(1,800)		(42,926)
Liability for self-insurance						370,223
Liability for other post employment benefits					_	3,609,836
Net Cash Provided (Used) by						
Operating Activities	<u>\$</u>	(318,596)	\$ (515,185)	\$ (833,781)	\$	4,484,737

## Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2008

	Investment Trust	Agency Funds			
<u>ASSETS</u>					
Cash and investments Interest receivable Taxes receivable	\$ 158,387,846 1,173,182 	\$ 1,048,035 6,844 27,931,583			
Total Assets	\$ 159,561,028	\$ 28,986,462			
LIABILITIES					
Accounts payable Accrued salaries and benefits Fiduciary liabilities	\$ 2,965,910 699,964 	\$ 1,534,629  27,451,833			
Total Liabilities	3,665,874	28,986,462			
NET ASSETS					
Net assets held in trust for investment pool participants  Total Net Assets	155,895,154 155,895,154				
<b>Total Liabilities and Net Assets</b>	\$ 159,561,028	\$ 28,986,462			

#### Statement of Changes in Fiduciary Net Assets For the Year Ended June 30, 2008

	Investment Trust
Additions:	
Contributions to investment pool	\$ 1,022,558,032
Interest and investment income	8,106,409
Total additions	1,030,664,441
Deductions: Distributions from investment pool Total deductions	1,015,542,252 1,015,542,252
Change in net assets	15,122,189
Net assets - beginning	140,772,965_
Net assets - ending	\$ 155,895,154

### FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements For the Year Ended June 30, 2008

#### Note 1: Summary of Significant Accounting Policies

#### A. Description of the Reporting Entity

The County of El Dorado (the "County") is a political subdivision of the State of California. As such, it can exercise the powers specified by the Constitution and statutes of the State. The County's powers are exercised through a Board of Supervisors (the "Board"), which acts as the governing body of the County. The Board is responsible for the legislative and executive control of the County. The County provides various services on a countywide basis including law and justice, education, detention, social, health, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning and tax collection.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial responsibility is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon activities taken by the County's Board. Financial information on these component units may be obtained from the County Auditor/Controller's Office.

**Blended Component Units:** The following component units are blended into the County's financial statements because the governing board members are substantively the same as the County Board of Supervisors.

- The County Service Areas are separate legal entities created to provide services such as water, sewer, lighting and road maintenance throughout the County.
- The County Water Agency is a separate legal entity formed to provide water service within the County.
- The El Dorado Hills Business Park Light and Landscape District was formed to provide lighting and landscaping to the business park in El Dorado Hills.

Notes to the Financial Statements For the Year Ended June 30, 2008

#### Note 1: Summary of Significant Accounting Policies (continued)

#### A. Description of the Reporting Entity (continued)

#### Blended Component Units (continued):

- The Air Quality Control District was established as a separate legal entity to maintain and improve the County's air quality.
- The El Dorado Redevelopment Agency was created under the Community Redevelopment Law of the State to address blighted areas within the County.
- The El Dorado County Housing Authority was formed to issue certificates and vouchers for Section 8 housing.
- The El Dorado County Bond Authority was established pursuant to a joint exercise of
  powers agreement between the County and the El Dorado Redevelopment Agency to
  obtain financing for public capital improvements.
- The In-Home Supportive Services Public Authority was created for the purpose of collective bargaining for in-home supportive services (IHSS) providers.

Discretely Presented Component Units: The following component units are discretely presented because the governing boards are different.

- The El Dorado County Transit Authority (EDCTA) was established pursuant to a joint
  exercise of powers agreement by and between the County and the City of Placerville to
  provide transit services. The County Board of Supervisors appoints three of five EDCTA
  board members.
- The Children and Families Commission of El Dorado County (the Commission) was established in December 1998, under the authority of the California Children and Families First Act of 1998 and sections 130100, et seq. of the Health and Safety Code. The County Board appointed all members of the Commission. The Board can remove appointed members at will. The Commission accounts for receipts and disbursements of California Children and First Families Trust Fund (Proposition 10) allocations and appropriations for the Commission. The Commission is a discretely presented component unit as the Commission's governing body is not substantially the same as that of the County.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 1: Summary of Significant Accounting Policies (continued)

### A. Description of the Reporting Entity (continued)

#### Discretely Presented Component Units (continued):

The reporting entity excludes certain separate legal entities which may have "El Dorado" in their title, or which are required to keep their funds in the County Treasury or receive their tax apportionment from the County. Examples are school districts and a variety of special purpose districts for fire protection, recreation and parks, etc. These entities are autonomous organizations with their own governmental powers and constituencies over which the Board of Supervisors has no oversight responsibility. Accordingly, they are not included in the accompanying combined financial statements, except as to their assets held by the County (principally cash and investments held by the County Treasurer) as discussed under "Fiduciary Funds."

Also, excluded from the reporting entity are the following Joint Power Authorities (JPA):

- American River Authority. The County participates with Placer County and the Placer
  County Water Agency in this Joint Powers Authority that was created to facilitate
  construction of a dam, reservoir and hydroelectric power facilities at the Auburn Dam
  Site. The participants share the costs of operating the JPA equally. The governing board
  consists of two members from the County, one member from each of the other
  participants and a public resident who alternates between El Dorado and Placer County.
- El Dorado County-Folsom Joint Powers Agreement. The County participates with the City of Folsom in this JPA, the purpose of which is to manage growth toward the goal of achieving an improved quality of life for the citizens of both political jurisdictions. The governing board consists of two members from each of the participating entities.
- Sacramento-Placerville Transportation Corridor Joint Powers Agreement. The County
  participates with Sacramento County, the City of Folsom and Regional Transit in this
  JPA. The agency was formed to acquire the Placerville Branch of the Southern Pacific
  Railroad Right of Way. The participants share the costs of operating the Joint Powers
  Authority equally. The board is made up of one member from each participant and one
  public member at large.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 1: Summary of Significant Accounting Policies (continued)

#### B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Certain indirect costs, which cannot be identified and broken down, are included in the program expenses reported for individual functions and activities. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, restricted resources are used just before the unrestricted resources are used.

### Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. *Operating* revenues, such as charges for services, result from exchange transactions associated with the principal activities of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. *Operating* expenses include costs of providing services and delivering goods. All other expenses not meeting this definition are reported as nonoperating expenses.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 1: Summary of Significant Accounting Policies (continued)

### B. Basis of Presentation (continued)

Fund Financial Statements (continued)

The County reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary to carry
  out basic governmental activities of the County that are not accounted for through other
  funds. For the County, the General Fund includes such activities as general government,
  public protection, health and sanitation, public assistance, education and recreation and
  cultural services.
- The County Road Fund is a special revenue fund used to account for funds allocated for the planning, design, construction, maintenance and administration of County transportation activities (Public Ways and Facilities).
- The Debt Service Fund The debt service fund is used to account for the accumulation of resources and payment of general long-term debt principal and interest.

The County reports the following Nonmajor enterprise funds:

- The South Lake Tahoe Transit Fund accounts for the costs of providing transit services throughout the unincorporated area in the Tahoe Basin.
- The County Airports Fund accounts for the activities of the County Airports.

In addition, the County reports the following additional fund types:

- Internal Service Funds Fleet Management and Risk Management Authority are internal
  service funds used to account for the County's fleet maintenance provided to other
  departments and self-insurance programs including workers' compensation, employee
  benefits and personal injury and property damage on a cost-reimbursement basis.
- Investment Trust Fund The Investment Trust Fund accounts for the assets, primarily cash and investments, of legally separate entities that deposit cash with the County Treasurer in an investment pool, which commingles resources in an investment portfolio for the benefit of all participants. These participants include school and community college districts, other special districts governed by local boards, regional boards and authorities.
- Agency Funds Agency Funds are custodial in nature and do not involve measurement
  of the results of operations. Such funds have no equity accounts since all assets are due to
  individuals or entities at some future time. These funds account for assets held by the
  County as an agent for individuals and other government units.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 1: Summary of Significant Accounting Policies (continued)

### C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County does not give (or receive) equal value in exchange, includes property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year for which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within 180 days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for services where the amounts are reasonably equivalent in value to the interfund services provided and other charges between County's funds. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, to apply all applicable GASB pronouncements, as well as, any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codifications of the existing Governmental Accounting and Financial Reporting Standards which, along with

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 1: Summary of Significant Accounting Policies (continued)

#### C. Basis of Accounting (continued)

subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

#### D. Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer. The Treasurer invests on behalf of most funds of the County and external participants in accordance with the California State Government Code and the County's investment policy. The State of California (State) statutes authorize the County to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund.

Investments are reported at fair value. The fair value represents the amount the County could reasonably expect to receive for an investment in a current sale between a willing buyer and seller. The fair value of investments is obtained by using quotations obtained from independent published sources.

Participants' equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accredited discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants every month. This method differs from the fair value method used to value investments in these financial statements, on an annual basis, as unrealized gains or losses are not apportioned to pool participants.

Income from pooled investments is allocated to the individual funds or external participants based on the fund or participants' average daily cash balance at month end in relation to the total pool investments.

#### E. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 1: Summary of Significant Accounting Policies (continued)

#### F. Mortgages Receivable

Governmental fund expenditures relating to long-term mortgage receivables arising from mortgage subsidiary programs are charged to operations upon funding. Mortgage receivables are recorded with an offset to unearned revenue.

#### G. Inventories

Inventories of expendable supplies are valued at the lower of cost (first-in, first-out) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventory is equally offset by a fund balance reservation that indicates that a portion of fund balance is not available for future appropriation.

### H. Capital Assets and Depreciation

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines infrastructure and building and improvements as purchases or improvements with an aggregate cost of more than \$10,000 and equipment with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year.

The estimated useful lives are as follows:

Infrastructure (except for the maintained pavement subsystem)	15 to 25 years
Structures and improvements	50 years
Equipment	3 to 15 years

Governmental Funds – Capital assets that the County acquires through the use of resources from a governmental fund are recorded as an outflow/expenditure for the period. Further, since the governmental fund balance sheet presents only those assets that represent financial resources available for current appropriation and expenditure, capital assets are not reported in a specific governmental fund but, rather, are reported in the government-wide statement of net assets. Capital assets of governmental funds are depreciated or amortized (assets under capital leases) in the government-wide statements using the straight-line method over the lesser of the capital lease period or their estimated useful lives.

Proprietary Funds – Capital assets are capitalized and depreciated using the straight-line method over the lesser of the capital lease period or their estimated useful lives; however, the Fleet Management Fund uses the "per mile" depreciation method, which approximates the straight-line method.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 1: Summary of Significant Accounting Policies (continued)

#### I. Property Tax Levy, Collection and Maximum Rates

The State of California's (State) Constitution Article XIIIA provides that the combined maximum property tax rate on any given property may not exceed one percent (1%) of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIIIA, and may be adjusted by no more than two percent (2%) per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent (1%) tax levy among the County, cities, school districts, and other districts. The total 2007/2008 net assessed valuation of the County was \$27,224,914,145.

Secured property taxes are recorded as revenues when levied under the alternate plan described in Division I, Part 8, Chapter 3 of the Revenue and Taxation Code of the State of California so that fund balances include property taxes apportioned but not collected. Unsecured taxes are recorded as revenues when collected. The County's property tax calendar is as follows:

	<u>Secured</u>	Unsecured
Lien date	January 1	January l
Levy date	July 1	July 1
Due dates:	•	·
First installment	November 1	January 1
Second installment	February 1	•
Delinquent dates:	·	
First installment	December 10	August 31
Second installment	April 10	<u> </u>

# J. Compensated Absences (Accrued Vacation, Sick Leave and Compensatory Items)

The County's policy allows employees to accumulate earned but unused vacation, sick leave, and compensatory time-off. Vacation pay may be accumulated to a maximum of six to eight weeks depending on the employee's years of service and is payable upon termination. Employees with at least five years of service receive a percentage of their unused sick leave upon termination ranging from 20% at five years to 100% at twenty years up to a maximum cap between 500-504 hours. Compensated time off may be accumulated up to a maximum of 150 hours and, similar to vacation pay, is payable upon termination.

Governmental Funds – Because vacation and sick leave balances do not require the use of expendable financial resources, no liability is recorded within the governmental funds. However, this liability is reflected in the government-wide statement of net assets.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 1: Summary of Significant Accounting Policies (continued)

# J. Compensated Absences (Accrued Vacation, Sick Leave and Compensatory Items) (continued)

Proprietary Funds – Vacation, sick leave and compensatory time-off are recorded as an expense and the related salaries and benefits liability in the year earned. Accrued but unpaid liabilities at year-end are recorded in the respective funds.

#### K. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the *governmental activities* and the *business-type activities* are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

#### L. Self-Insurance

The County self-insures for property damage, liability, workers' compensation, employees' health care benefits and unemployment claims. Self-insurance programs are accounted for in an internal service fund and interfund charges are treated as quasi-external transactions.

#### M. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from these estimates and the differences may be material.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 1: Summary of Significant Accounting Policies (continued)

#### N. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 45

For the fiscal year ended June 30, 2008, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." This statement is effective for the County for the fiscal period beginning after December 15, 2006.

This statement requires that governments account for, and report, the annual cost of other postemployment benefits (OPEB) and the outstanding obligation and commitments related to OPEB in the same manner as they currently do for pensions. The statement does not require that governments fund their OPEB plans, only that they account for them and report them, OPEB generally consist of health insurance and dental, vision, prescription, or other healthcare benefits provided to eligible retirees, including their beneficiaries in some cases.

Implementation of GASB Statement No. 45 primarily impacted the County's government-wide and proprietary funds financial statements for the year ended June 30, 2008. In addition, implementation required additional note disclosure and required supplemental information.

#### Note 2: Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily cash balance of each fund.

The investment pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, public trust, and yield. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every quarter. The

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 2: Cash and Investments (continued)

report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

At June 30, 2008, total County cash and investments were as follows:

	Pooled Treasury		External to Pool			Total
Cash: Imprest cash	\$		\$	24,240	\$	24,240
Cash on hand		500				500
Deposits		208,252,516		2,077,551		210,330,067
Total Cash	<del></del>	208,253,016		2,101,791	1	210,354,807
Investments		183,831,952		6,363,345		190,195,297
Total Cash and Investments	\$	392,084,968	\$	8,465,136	\$	400,550,104

Total cash and investments at June 30, 2008 were presented on the County's financial statements as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
County Investment Pool:				
Unrestricted	\$ 224,708,321	\$ 159,301,373	\$ 6,273,709	\$ 390,283,403
Restricted	1,801,565			1,801,565
Total in County Investment Pool	226,509,886	159,301,373	6,273,709	392,084,968
External to Pool:				
Cash with fiscal agents	2,378,770			2,378,770
Other restricted cash and investments			152,209	152,209
Other unrestricted cash and investments		134,508	5,775,409	5,909,917
Imprest cash	24,040		200	24,240
Total External to Pool	2,402,810	134,508	5,927,818	8,465,136
Total Cash and Investments	\$ 228,912,696	\$ 159,435,881	\$ 12,201,527	\$ 400,550,104

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 2: <u>Cash and Investments</u> (continued)

Cash and investments were restricted at June 30, 2008, for the following purposes:

	Primary Government	Component Units	Total
Closure and Post-closure costs Transit grant expenditures Risk financing	\$ 1,761,654 39,911	\$  152,209	\$ 1,761,654 39,911 152,209
	\$ 1,801,565	\$ 152,209	\$ 1,953,774

### **Investments**

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, where more restrictive. The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
TIG TO OUT I			
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	3 years	None	5%
State Warrants	1 year	None	None
Banker's Acceptances	180 days	40%	5%
Domestic Commercial Paper	31 days	20%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Non-negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	5%
Demand Deposit Savings Accounts	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 2: <u>Cash and Investments</u> (continued)

<u>Investments</u> (continued)

At June 30, 2008, the County had the following investments:

	Interest				Carrying		Fair	WAM
	Rates	Maturities	Par		Value		Value	(Years)
Investments in Investment Pool								
Treasury Securities - Coupon	3.125%-4.875%	08/31/08-11/15/08	\$ 27,600,000	\$	27,707,397	\$	27,740,916	
Treasury Securities - Discount	1.18%-1.86%	07/03/08-7/24/08	70,897,000		70,681,153		70,864,414	0.04
Bankers Acceptance	2.25%-2.40%	07/02/08 07/28/08	20,502,000		20,458,427		20,323,303	0.05
Commercial Paper - Discount	2.08%-2.181%	07/07/08 - 07/15/08	25,000,000		24,984,975		24,979,400	0.03
Federal Agencies - Discount			++		**			
California Local Agency Investment Fund	3.07%	On Demand	40,000,000		40,000,000		40,000,000	••
Total Investments in Investment Pool			\$ 183,999,000	<u>\$</u>	183,831,952	\$	183,908,033	0.03
Investments Outside Investment Pool								
Primary Government:								
Cash held with Fiscal Agents				_		_		
Money Market Mutual Funds	Variable	On Demand	\$ 1,030,114	\$	1,030,114	\$	1,030,114	**
Investment Contracts	Variable	On Demand	1,191,190		1,191,190		1,191,190	**
			2,221,304		2,221,304		2,221,304	
Component Units:								
El Dorado County Transit Authority								
California Local Agency Investment Fund	3.07%	On Demand	4,142,041		4,142,041	_	4,142,041	
Total Investments Outside Investment Pool			\$ 6,363,345	<u>\$</u>	6,363,345	\$	6,363,345	

At June 30, 2008, the difference between the carrying value and fair value of cash and investments was not material (fair value was 100.04% of carrying value). Therefore, an adjustment to fair value was not required.

#### Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy. As of June 30, 2008, the investment pool had a weighted average maturity of 0.03 years.

#### Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. The County does not have credit limits on government agency securities.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2008.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 2: <u>Cash and Investments</u> (continued)

### Credit Risk (continued)

	Standard & Poor's Rating	% of Portfolio
Federal Agencies - Coupon	AAA	15.07%
Federal Agencies - Discount	AAA	38.45%
Bankers Acceptance	A-1+	11.13%
Commercial Paper - Discount	A-1	13.59%
California Local Agency Investment Fund	Unrated	21.76%
Total		100.00%

#### Custodial Credit Risk

For all investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County had no securities exposed to custodial credit risk.

### Local Agency Investment Fund

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2008, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$40 million, which approximates fair value and is the same as value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$70 billion. Of that amount, 85.28% was invested in non-derivative financial products and 14.72% in derivative type products consisting of structured notes and asset-backed securities. Fair value is based on information provided by the State for the Local Agency Investment Fund.

Notes to the Financial Statements For the Year Ended June 30, 2008

#### **Cash and Investments** (continued) Note 2:

### County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2008:

#### **Statement of Net Assets**

Net assets held for pool participants	\$ 392,084,968
Equity of internal pool participants Equity of external pool participants Total net assets	\$ 233,697,122 158,387,846 392,084,968
Statement of Changes in Net Assets	·
Net assets at July 1, 2007 Investment income Investment expenses	\$ 410,218,196 17,696,171 (486,451)
Net contributions (withdrawals) by pool participants Net assets at June 30, 2008	\$ (35,342,948) 392,084,968

#### Long-Term Notes and Assessment Receivables Note 3:

The Governmental funds include notes receivable of \$2,309,657 and special assessment receivables of \$1,737,171, which are not expected to be fully collected in the next fiscal year. The accounts receivable balances reported in other governmental funds include an allowance for uncollectible amounts of \$1,569,000. The governmental activities include a long-term note receivable of \$3,000,000, which is offset by a long-term note payable.

Notes to the Financial Statements For the Year Ended June 30, 2008

Note 4: Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2008
Governmental Activities					
Capital assets, not being depreciated	0 40.000.115	0 0 500 501	^		
Land and improvements	\$ 43,333,115	\$ 3,592,591	\$	\$ 65,000	\$ 46,990,706
Construction in progress	3,589,554	6,077,126		(2,421,064)	7,245,616
Total capital assets not being depreciated	46,922,669	9,669,717		(2,356,064)	54,236,322
Capital assets, being depreciated					
Infrastructure	373,182,926	44,994,972	<del></del>		418,177,898
Structures and improvements	97,358,090	473,249		2,345,175	100,176,514
Equipment	42,737,004	3,825,212	(2,763,422)	10,889	43,809,683
Total capital assets being depreciated	513,278,020	49,293,433	(2,763,422)	2,356,064	562,164,095
Less accumulated depreciation for					
Infrastructure	(183,371,606)	(17,161,196)			(200,532,802)
Structures and improvements	(28,697,807)	(2,029,525)			(30,727,332)
Equipment	(24,312,077)	(3,704,190)	2,537,973	**	(25,478,294)
~4b	(= 1,012,011)	(2). (1,2,0)		<del></del>	(20,170,271)
Total accumulated depreciation	(236,381,490)	(22,894,911)	2,537,973		(256,738,428)
Total capital assets being depreciated, net	276,896,530	26,398,522	(225,449)	2,356,064	305,425,667
Governmental activities capital assets, net	\$ 323,819,199	\$ 36,068,239	\$ (225,449)	\$	\$ 359,661,989
Business Type Activities					
Capital assets, not being depreciated					
Land	\$ 213,711	s	s	s	\$ 213,711
Construction in progress	660,239	1,725,422		(2,361,330)	24,331
Transfer of the second				(2,001,000)	
Total capital assets not being depreciated	873,950	1,725,422		(2,361,330)	238,042
Capital assets, being depreciated					
Structures and improvements	5,293,013			2,361,330	7,654,343
Equipment	147,373		(12,569)		134,804
Total capital assets being depreciated	5,440,386		(12,569)	2,361,330	7,789,147
• • •					
Less Accumulated depreciation for	•				
Structures and improvements	(3,487,676)	(290,499)			(3,778,175)
Equipment	(124,594)	(16,050)	12,569		(128,075)
Total accumulated depreciation	(3,612,270)	(306,549)	12,569		(3,906,250)
Total capital assets being depreciated, net	1,828,116	(306,549)	<u> </u>	2,361,330	3,882,897
Business type activities capital assets, net	\$ 2,702,066	S 1,418,873	<u>s</u>	\$	\$ 4,120,939

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 4: Capital Assets (continued)

### Depreciation

Depreciation expense was charged to governmental activities as follows:

General government Public protection	\$	1,279,941 1,845,739
Public ways and facilities		17,933,683
Health and sanitation		362,802
Public assistance		141,423
Education		255,074
Recreation and cultural services		127,084
Internal Service Funds - depreciation on capital assets held by the County's		
internal service funds are charged to the various functions based on their		
usage of service		949,165
Total depreciation expense governmental activities	<u>\$</u>	22,894,911
Depreciation expense was charged to the business-type functions as follows:		
Airports	\$	290,858
Other		15,691
Total depreciation expense business-type activities	\$	306,549

### Note 5: **Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenues considered unavailable to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2008, the various components of deferred revenue and unearned revenue in the governmental funds were as follows:

	<u>Unavailable</u>	_Unearned	Total
Governmental Funds:			
General Fund:			
Various grants and charges	\$	\$ 791,865	\$ 791,865
Road Fund:			
Various grants and charges	<b></b>	45,786	45,786
Debt Service Fund:			
Special assessments		1,737,171	1,737,171
Other Governmental Funds:			
Various grants, charges and loans	6,267,028	4,401,370	10,668,398
	<u>\$ 6,267,028</u>	<u>\$ 6,976,192</u>	<u>\$ 13,243,220</u>

Notes to the Financial Statements For the Year Ended June 30, 2008

**Long-Term Debt** Note 6:

Long-term liabilities at June 30, 2008 consisted of the following:

Governmental Activities	Date of	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2008	
Bonds Payable:							
1997 Refunding Lease Revenue Bonds	1997	2009	4.0% - 5.0%	\$225,000 - \$4,180,000	\$ 16,860,000	<u>\$ 6,070,000</u>	
				•		6,070,000	
N to Double							
Notes Payable:	1000	2009	5.90%	\$20,588 - \$45,555	\$ 224,032	45,555	
California Energy Commission	1998 2005	2009	4.00%	\$20,388 - \$43,333 \$24,880 - \$124,324	\$ 800,000	43,333 575,164	
California Energy Commission		2013	0.00%	324,000 <b>-</b> 3124,324 2)	\$ 3,000,000	3,000,000	
HUD HOME Program <sup>1)</sup>	2003	2038	0.00%	•	\$ 3,000,000	3,620,719	
						5,020,719	
Capital Leases:							
Banc of America	2005	2012	4.28%	\$133,719 - \$171,943	\$ 1,065,167	407,552	
(road equipment)	2005	2012	4.2070	Q100,717 Q171,710	0 1,005,107	107,002	
Banc of America	2006	2012	3,36%	\$106,788 - \$173,357	\$ 1,109,188	704,162	
(motor graders)	2000	2012	5,3070	\$100,700 \$170,007	0 1,100,100	101,102	
SunTrust Leasing	2003	2009	3,25%	\$59,508-\$65,500	\$ 430,973	65,500	
(snowblower)	2003	2007	3.2370	\$37,300-\$03,300	3 430,773	1,177,214	
(SHOWDIOWEI)						1,177,217	
Total Governmental Activities						<u>\$ 10,867,933</u>	
<sup>1)</sup> Note payable is offset by a long-term note receivable that is secured by a deed of trust. <sup>2)</sup> Principal payment is due in total at the end of note maturity.							
Business-Type Activities							
Notes Payable:							
Loan #ED-1-85-L-1	9/23/85	2011	8.03%	\$2,919	\$ 72,987	\$ 8,760	
Loan #ED-1-86-L-2	9/16/86	2012	6.94%	\$1,577	\$ 39,426	6,308	
Loan #ED-5-86-L-1	9/16/86	2012	6.94%	\$1,060	\$ 26,503	4,241	
Loan #ED-1-87-L-3	10/6/87	2012	6.94%	\$930	\$ 23,251	4,650	
Loan #ED-5-88-L-2	10/19/88	2009	7.04%	\$2,976	\$ 59,527	2,976	
				-	-	0 00.035	

Notes to the Financial Statements For the Year Ended June 30, 2008

Note 6: Long-Term Debt (continued)

The following is a summary of long-term liabilities transactions for the year ended June 30, 2008:

		(Restated) Balance uly 1, 2007		Additions	R	tetirements	Ju	Balance ine 30, 2008	Ι	Amounts Due Within One Year
Governmental Activities										
Lease revenue bonds	S	7,880,000	\$		\$	1,810,000	S	6,070,000	S	1,890,000
Notes payable:										
California Energy Commission		88,526				42,971		45,555		45,555
California Energy Commission II		677,088				101,924		575,164		106,110
California Housing Financing Agency		1,800,000				1,800,000				
HUD Home Program		3,000,000						3,000,000		
Compensated absences		13,587,663		1,258,610		972,739		13,873,534		972,739
Capital lease obligation		1,517,125				339,911		1,177,214		352,481
Landfill closure / post-closure liability		9,824,780				1,715,311		8,109,469		
Liability for self-insurance claims		25,819,994	_	28,798,638		36,786,372		17,832,260		5,071,944
Subtotal	<u>\$</u>	64,195,176	\$	30,057,248	<u>\$</u>	43,569,228		50,683,196	<u>s</u>	8,438,829
Other postemployment benefits								11,250,000		
Total Governmental Activities							\$	61,933,196		
Business-Type Activities										
Compensated absences	\$	34,545	\$		\$	1,800	\$	32,745	\$	
Notes payable	_	36,398	_		_	9,463	_	26,935	_	9,463
	<u>\$</u>	70,943	\$		\$	11,263	<u>s</u>	59,680	\$	9,463

The liability for self-insurance claims are liquidated by the cumulative charge for services recorded in the internal service fund. Compensated absences are generally liquidated by the General Fund and related special revenue funds. Landfill closure / post-closure liability is liquidated from special revenue funds.

As of June 30, 2008, annual debt service requirements of governmental activities having fixed maturities are shown below. The \$3,000,000 HUD Home Program note payable is not included in the schedule.

	Governmental Activities									
	Notes Payables		es		Bonds 1	Payables				
Principal		Interest		Principal			Interest			
\$	151,664	\$	23,987	\$	1,890,000	\$	242,965			
	110,397		17,673		4,180,000		99,275			
	114,857		13,213							
	119,477		8,593							
	124,324		3,746							
\$	620,719	\$	67,212	\$	6,070,000	\$	342,240			
	\$	Principal  \$ 151,664 110,397 114,857 119,477 124,324	Notes Payable Principal  \$ 151,664 \$ 110,397	Notes Payables           Principal         Interest           \$ 151,664         \$ 23,987           110,397         17,673           114,857         13,213           119,477         8,593           124,324         3,746	Notes Payables           Principal         Interest           \$ 151,664         \$ 23,987         \$ 110,397         \$ 17,673           \$ 114,857         \$ 13,213         \$ 19,477         \$ 8,593           \$ 124,324         \$ 3,746         \$ 124,324         \$ 3,746	Notes Payables         Bonds           Principal         Interest         Principal           \$ 151,664         \$ 23,987         \$ 1,890,000           110,397         17,673         4,180,000           114,857         13,213            119,477         8,593            124,324         3,746	Notes Payables         Bonds Payables           Principal         Interest           \$ 151,664         \$ 23,987           \$ 10,397         \$ 17,673           \$ 114,857         \$ 13,213           \$ 119,477         \$ 8,593           \$ 124,324         \$ 3,746			

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 6: Long-Term Debt (continued)

As of June 30, 2008, annual debt service requirements of business-type activities to maturity are as follows:

	Business-Type Activities				
Year Ending	Notes Payables				
June 30:	P	rincipal	Interest		
2009	\$	9,463	\$	1,968	
2010		6,487		1,276	
2011		6,487		794	
2012		3,567		312	
2013		931		65	
	\$	26,935	\$	4,415	

### Note 7: Leases

### **Operating Lease Obligations**

The County leases various office space and buildings under various noncancelable operating leases. Annual rent expenditures were approximately \$4.2 million for the year ended June 30, 2008.

Future minimum operating lease commitments are as follows:

Year Ending June 30:	
2009	\$ 3,558,295
2010	2,893,662
2011	2,349,465
2012	1,848,883
2013	486,624
2014	3,902
Total	\$ 11,140,831

### **Capital Lease Obligations**

The County accounts for capital leases in the governmental fund types in accordance with the provisions of GASB Statement No. 5. Under this statement, when a capital lease represents the acquisition or construction of a general fixed asset, the acquisition or construction will be recorded both as a capital expenditure and as an other financing source. Subsequent lease payments are accounted for in a manner consistent with the accounting treatment for payments of general obligation debt. The total lease payments for the fiscal year were \$393,777 for which \$53,866 represented interest cost.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 7: Leases (continued)

### Capital Lease Obligations (continued)

These assets are included in the County's capital assets. Future minimum lease payments relating to these assets are as follows:

Year Ending		
June 30:		
2009	\$	393,777
2010		326,148
2011		326,148
2012		178,506
2013		44,626
Total minimum lease payments	•	1,269,205
Less amount representing interest	<u></u>	(91,991)
Total	\$	1,177,214

Capital assets and accumulated depreciation held under capital leases are as follows:

	Governmental <u>Activities</u>				
Road equipment Less: accumulated depreciation	\$ 3,483,640 (844,773)				
Net Value	\$ 2,638,867				

Notes to the Financial Statements For the Year Ended June 30, 2008

#### Note 8: <u>Liability for Closure and Post-Closure Costs</u>

State and federal laws and regulations require the County to place a final cover on its Union Mine landfill site and perform certain maintenance and monitoring functions at the site for thirty years after final closure. In addition to operating expenditures related to current activities of the landfill, an estimated liability is being recognized based on the future closure and postclosure maintenance costs that will be incurred near or after the date the landfill no longer accepts waste.

The County ceased accepting waste from the public in 1997 and 8.2 of the landfill's 42.3 acres remain open to waste generated onsite. The estimated landfill closure care liability of \$1,717,069 reported as of June 30, 2008, is the current cost estimate of closing the remaining 8.2 acres. Because the landfill is no longer accepting waste from the public, the additional liability of \$6,392,400 represents postclosure costs and has been recognized and is a cumulative amount reported to date based on County staff estimates and adjustments for CPI (Consumer Price Index) rate changes.

State and federal laws require the County to make contributions to a special fund in order to finance closure care. At June 30, 2008, investments of \$1,761,654 are part of the pooled funds held by the County treasurer and are reported as restricted assets on the Statement of Net Assets. Currently, the amount held as restricted cash is sufficient to cover the entire closure liability.

The County has filed a Pledge of Revenue with the California Integrated Waste Management Board that waives the requirement to make contributions to a special fund to finance postclosure costs. The estimated postclosure costs of \$6,392,400, to be paid over a 30-year period upon final closure, may need to be funded by charges to future landfill users and/or from future tax revenue.

Notes to the Financial Statements For the Year Ended June 30, 2008

## Note 9: <u>Interfund Transactions</u>

The composition of interfund balances as of June 30, 2008 is as follows:

### **Due To/From Other Funds:**

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Enterprise Fund - County Airports Debt Service Fund Other Governmental Funds	\$ 86,818 6,000 905,235 250,500 559,000 56,108 31,845 331,538 2,227,044	Advance for fuel tank replacement and provide for cash flow Administration cost due back to General Fund Realignment funds Advance to Community Services funds to cover cash shortfall Advance to Health funds to cover cash shortfall Reimbursement for Auto Fraud program expenditures Reimbursement for Real Estate Fraud program expenditures Reimbursement for Child Support administration expenditures
Road Fund	General Fund Other Governmental Funds Other Governmental Funds	97 97 1,378,833 1,379,027	CSUS National Pollution Discharge Elimination System fees CSUS National Pollution Discharge Elimination System fees Capital project funds for road improvements
Debt Service Fund	Other Governmental Funds	17,490 17,490	CD deposits due from Capital Project Funds
Internal Service Funds	Road Fund	23,430 23,430	Reimburse Fleet for fuel purchases
Other Governmental Funds	Other Governmental Funds General Fund General Fund General Fund General Fund Total	288,830 47,685 442,951 88,894 9,486 2,607 41,516 451,604 88,894 21,400 1,483,867 \$ 5,130,858	Realignment funds for Health programs City Readiness funds for Health programs Mental Health Sales Tax Realignment Funds Mental Health Vehicle License Fees to Psychiatric Facility Community Services - MAA adm fees due from Public Health Managed Care due to Mental Health General Fund match for Health Realignment funds Vehicle License Fees Health Vehicle License Fees Mental Health Vehicle License Fees Social Services
Advances From/To Other F	unds:		
Advanced from	Advanced to	Amount	Purpose
General Fund	Other Governmental Funds Other Governmental Funds Other Governmental Funds	\$ 200,000 10,000 3,319,000 3,529,000	Advance to Mental Health
Other Governmental Funds	Other Governmental Funds	2,118,667 2,118,667	
	Total .	\$ 5,647,667	<u> </u>

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 9: <u>Interfund Transactions</u> (continued)

### Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfer to	Transfer from	Amount	Purpose
General Fund	Other Governmental Funds	\$ 395,819	Timber Tax to Sheriff's Office Patrol, Search and Rescue County Service Area #10 Special Tax Revenues to
	Other Governmental Funds	1,063,283	Library General Fund Operating Time Share and Redemption Fees to Auditor / TTC /
	Other Governmental Funds	511,693	Assessor
	Other Governmental Funds	3,525	Overages Treasurer Tax Collector Operating
	Other Governmental Funds	425,959	Transit Occupancy Taxes
	Other Governmental Funds	14,000	PTAP Special Revenue to Offset Salary Costs
	Other Governmental Funds	191,256	Park Fees to Parks and Grounds General Fund Operating
	Other Governmental Funds	601,635	Grant Revenues to District Attorney General Fund Operating Sheriff's Restricted Revenues (Fingerprint Identification,
	Other Governmental Funds	463,643	Grants) to Sheriff's Operating Grant Funding (TANF Block Grant, Title IV E Grant) and
	Other Governmental Funds	348,822	DNA Identification funds to Probation Operating Faxed in Permits, Code Enforcement Grant Program,
•	Other Governmental Funds	332,676	Commercial Grading to Building Operating Micro, Computer System, Notary Public Confidential
	Other Governmental Funds	491,242	Marriage, Vital Health Statistics to Recorder Operating Planning Projects Revenues to Planning; Ecological Preserve
	Other Governmental Funds	834,322	Fee distribution to Building and Planning Engineer Time and Materials to DOT County Engineer and
	Other Governmental Funds	537,858	FEMA Funding to Sheriff Operating
	Other Governmental Funds	4,429	License Plate Fees to Veteran Services Operating Purdy Trust/Mountain Democrat Kincade Commuter funds to
	Other Governmental Funds	9,527	Library Operating
	Other Governmental Funds	456,502	Realignment funds to Health and Welfare: Health
•	Other Governmental Funds	4,996,376	Realignment funds to Health and Welfare: Social Services Supplemental Law Enforcement Services Fund (SLESF) to
	Other Governmental Funds	994,199	Sheriff/DA/Probation Operating Child Support Enforcement Administration Funding to
	Other Governmental Funds	4,606,199	Operating
	Other Governmental Funds	898	Jensen Memorial Trust funds to Library Operating
		17,283,863	, ,
Road Fund	General Fund	1,918,589	General Fund Contribution in Lieu of MVLF Measure H Road District Tax, Motor Vehicle Fees and Traffic Impact
	Other Governmental Funds	45,524,590	Fees to Road Fund Operating
		47,443,179	
Debt Service Fund	General Fund	1,715,768	General Fund Contribution
	Other Governmental Funds	355,648	Transfer from Bond Reserve
		2,071,416	
Internal Services Fund - Fleet	General Fund	78,511	General Fund Contribution
	Road Fund	18,774	Road Fund Contributed Capital
		97,285	

Notes to the Financial Statements For the Year Ended June 30, 2008

Note 9: Interfund Transactions (continued)

Transfers (continued)

Transfer to	Transfer from	Amount	Purpose
Enterprise Fund - Airports	General Fund Other Governmental Funds	\$ 74,057 20,000	General Fund Contribution Special Aviation and Community Enhancement Funding
		94,057	
Other Governmental Funds	General Fund	1,638,367	General Fund Contribution to Community Services
C <b></b> 00,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	General Fund	5,690,310	General Fund Contribution to Public Health
	General Fund	233,260	Social Services SB163 Wraparound Funding
	General Fund	64,614	General Fund Contribution to EIR Development Projects
	General Fund	62,787	General Fund Contribution to IHSS Public Authority Fund
	General Fund	13,858	General Fund Contribution to Housing Authority
	General Fund	30,911	General Fund Contribution to Ambulance Operating
	General Fund	4,240	General Fund Transfer to Change Difference Shortage
	General Fund	15,000	General Fund Contribution to Human Services
	General Fund	5,810,004	General Fund Contribution to Health and Welfare
	General Fund	2,142,606	General Fund Contribution to ACO Fund
	General Land	_,,	Criminal Justice Facility/Courthouse Construction Fund
	Other Governmental Funds	923,297	Contribution to ACO Fund
	Other Governmental Funds	65,000	River Use Permit Fund Contribution to ACO Fund
	Other Governmental Funds	324,137	Animal Control Community Enhancement to ACO Fund
	ome: do,emmentar :	<b>,</b>	Ecological Preserve Special Revenues to Rare Plant Preserve
	Other Governmental Funds	167,268	Permanent Fund
		17,185,659	
		+7,200,000	
	Total	\$ 84,175,459	

### Note 10: Pension Plan

The County contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Copies of PERS' annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, California 95814.

### **Funding Policy**

Safety employees are required to contribute 9% of their covered compensation and other employees are required to contribute 7%. The County makes the contributions required of its employees on their behalf and for their account. The County is required to contribute at an actuarially determined rate; the current rate is 12.369% for non-safety employees and 23.960% for safety employees. The contribution requirements of plan members and the County are established and may be amended by PERS.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 10: Pension Plan (continued)

#### **Annual Pension Cost**

For fiscal year 2007-2008, the County's annual pension cost of \$16,708,706 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2005 actuarial. Assumptions included 7.75% investment rate of return (net of administrative expenses) and projected annual salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members and 3.25% to 13.15% depending on age, service and type of employment for safety members. An inflation component of 3.0% was included. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for PERS (thousands)

Fiscal Year	Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation	
6/30/06	\$	15,351	100%	\$	
6/30/07		15,701	100%		
6/30/08		16,709	100%		

### Funded Status and Funding Progress

The following is the funded status information for each plan as of June 30, 2007, the most recent actuarial valuation date:

Valuation Date	on Accrued Value (		Unfunded/ Overfunded) Liability	Funded Ratio	 Annual Covered Payroll	UAAL as a % of Payroll	
Miscellaneous Safety	\$ \$ 379,808,188 167,483,888	\$ 316,605,643 131,342,533	\$ 63,202,545 36,141,355	83.4% 78.4%	\$ 92,029,127 24,034,538	68.7% 150.4%	

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 11: Other Post-Employment Benefits (OPEB)

**Plan Description.** The County of El Dorado (County) Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the County. The Plan provides healthcare insurance benefits to employees who retire from active service after the age of 50 and are eligible to commence pension benefits. Retirees are eligible for the following benefits:

- County Contribution Subsidy The County pays a monthly amount up to a percentage of the premium for the County sponsored Blue Shield Plan plus dental coverage. The applicable percentage is based on the retiree's years of service with the County. The amount paid to each individual retiree will be limited such that total County contributions do not exceed 1.2% of total payroll.
- Implicit Subsidy For coverage prior to age 65, the retiree pays premiums that are developed by blending active and retiree costs. Since retirees are older and generally cost more than actives, the premium paid by the retiree is less than the "true cost" of coverage for retirees.

The above 1.2% payroll cap applies to the County's contribution only. Because this cap is a limitation on the employer's contribution, and not a limitation of retiree benefits, it cannot be considered to reduce the County's liability until the cap is enforced and thereby begins to alter the established pattern of shared of costs.

Funding Policy. The contribution requirements of the plan members and the County are established and may be amended by the County. The annual required contribution is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The County ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 20 years. The 2007/2008 ARC is \$12,521,000.

Annual OPEB Cost and Net OPEB Obligation.

For 2008, the County's annual OPEB cost (expense) of \$12,521,000 was 11.3% higher than the Net OPEB Obligation of \$11,250,000.

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the Plan (as described in the funding policy above), and the Net OPEB Obligation for 2007/2008 is as follows (dollar amounts in thousands):

Fiscal		Percentage of	Net
Year	Annual	Annual OPEB	OPEB
Ended	OPEB Cost	Cost Contributed	Obligation
6/30/08	\$12,521	10.2%	\$11,250

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 11: Other Post-Employment Benefits (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation (continued).

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2008, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

Actuarial accrued liability (AAL)	\$112,218
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$112,218
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active Plan members)	\$129,300
UAAL as a percentage of covered payroll	86.8%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return based on the assumption that benefits will be paid from general County assets earmarked for purposes of County Postretirement Benefits, and not invested in a separate trust. This rate includes a 2.5% inflation assumption. The actuarial value of assets is equal to the market value. The UAAL is being amortized as a level percentage of projected payroll over 20 years on a closed basis. The remaining amortization period at June 30, 2008 was 19 years.

Notes to the Financial Statements For the Year Ended June 30, 2008

#### Note 12: Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established the Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$300,000 for each workers' compensation claim, \$1,000,000 for each general liability claim, and \$25,000 for each property damage claim and up to a maximum lifetime benefit of \$2 million in health insurance benefits through its Blue Shield health insurance program. The County's self-insured retention for its health insurance program is \$175,000 per employee. The County also offers two other health insurance programs to its employees which are not self-insured. Health benefits through Kaiser and Pacific Care are based on monthly premiums with no lifetime maximums per employee. The County purchases general liability commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. The amount of general liability settlements did not exceed coverage in each of the last three years.

All funds of the County participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of \$17,832,260 reported in the Risk Management Fund at June 30, 2008 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the County's claims liability for the fiscal years ended June 30, 2008 and 2007 were as follows:

25,819,994	\$ 20,033,869 30,072,200
(24,818,579)	(24,286,075)
(11,967,793) 17,832,260	\$ 25,819,994
	28,798,638 (24,818,579) (11,967,793)

Nonincremental claims adjustment expenses have not been included as part of the unpaid claims liability.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 13: Commitments and Contingencies

#### Grants

The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

### **Pending Litigation**

The County is also a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the County, such loss has been accrued in the accompanying financial statements. Litigation where loss to the County is reasonably possible has not been accrued. The outcome of the remaining claims cannot be determined at this time.

### Note 14: Net Assets/Fund Balances

#### A. Fund Balances

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- Invested in Capital Assets, Net of Related Debt: This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Assets: This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions enabling legislation. Included in governmental activities restricted net assets at June 30, 2008, are net assets restricted by enabling legislation of \$107.2 million.
- Unrestricted Net Assets: This category represents net assets of the County, not restricted for any project or other project.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 14: Net Assets/Fund Balances (continued)

### A. Fund Balances (continued)

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

The County has "reserved" fund balances as follows:

- Debt Service: To reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest. These funds are not available for general obligations.
- Capital Projects: To reflect resources set aside for capital projects of the County.
- Encumbrances: To reflect the outstanding contractual obligations for which goods and services have not been received.
- Advances: To reflect the portion of assets set aside for advances to other funds which do not represent available spendable resources.
- *Inventory*: To reflect the portion of assets set aside for inventory which do not represent available spendable resources.
- Prepaid Expenses: To reflect the portion of assets set aside for prepaid expenses which
  do not represent available spendable resources.
- Imprest Cash: To reflect the portion of cash that is not an available spendable resource.
- Other: To reflect the unexpendable portion of fund balance in the permanent funds which do not represent available spendable resources.

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intent are subject to change and have not been legally authorized or may not result in expenditures. Fund balance designations include:

• Economic Uncertainty: To reflect management's intent to expend funds during poor economic times or in times when the cost of services rises dramatically.

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 14: Net Assets/Fund Balances (continued)

### A. Fund Balances (continued)

 Capital Projects: To reflect management's intent to expend certain funds solely for planned capital projects.

### B. Prior Period Adjustments

Adjustments resulting from errors or changes to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning fund balance / net assets.

The impact of the restatements on the fund balances/net assets as previously reported is presented below:

	Governmental Activities			
	Fund Financial	Government-Wide		
	Statements	Statement of Activities		
	Other	Total		
	Governmental	Governmental		
	Funds	Activities		
Fund balances/net assets, June 30, 2007,				
as previously reported	\$ 163,802,020	\$ 523,459,022		
Restatements:				
Correct prior year deferral of revenues	149,173	149,173		
Adjust beginning landfill liability		(1,715,311)		
Total restatements	149,173	(1,566,138)		
T 11 1 /				
Fund balances/net assets, July 1, 2007,	ф. 1 <i>6</i> 2.051.300	Φ σαι ορα ορι		
as restated	\$ 163,951,193	\$ 521,892,884		

#### C. Deficit Fund Balances

The following funds had a fund balance deficit as of June 30, 2008:

Nonmajor Governmental Funds:

Mental Health
Erosion Control

\$ 1,376,016
\$ 562,657

Notes to the Financial Statements For the Year Ended June 30, 2008

### Note 14: Net Assets/Fund Balances (continued)

### C. Deficit Fund Balances (continued)

Deficits in these funds are expected to be eliminated in future years through future revenues and/or transfers from other funds.

## Note 15: Condensed Segment Information on Component Units

The County has two Discretely Presented Component Units. Condensed Segment information as of and for the year ended June 30, 2008, is as follows:

## Component Units Statement of Net Assets June 30, 2008

ASSETS	Children and Families Commission	El Dorado Transit Authority	Total	
Current and other assets Capital assets Restricted cash Total Assets	\$ 6,550,810   \$ 6,550,810	\$ 6,988,850 5,215,442 152,209 \$ 12,356,501	\$ 13,539,660 5,215,442 152,209 \$ 18,907,311	
<u>LIABILITIES</u>				
Current liabilities Long-term liabilities Total Liabilities	\$ 503,049  503,049	\$ 3,728,164 659,526 4,387,690	\$ 4,231,213 659,526 4,890,739	
NET ASSETS				
Invested in capital assets, net of related debt Restricted Unrestricted Total Net Assets	6,047,761  6,047,761	5,215,442  2,753,369 7,968,811	5,215,442 6,047,761 2,753,369 14,016,572	
Total Liabilities and Net Assets	\$ 6,550,810	\$ 12,356,501	\$ 18,907,311	

Notes to the Financial Statements For the Year Ended June 30, 2008

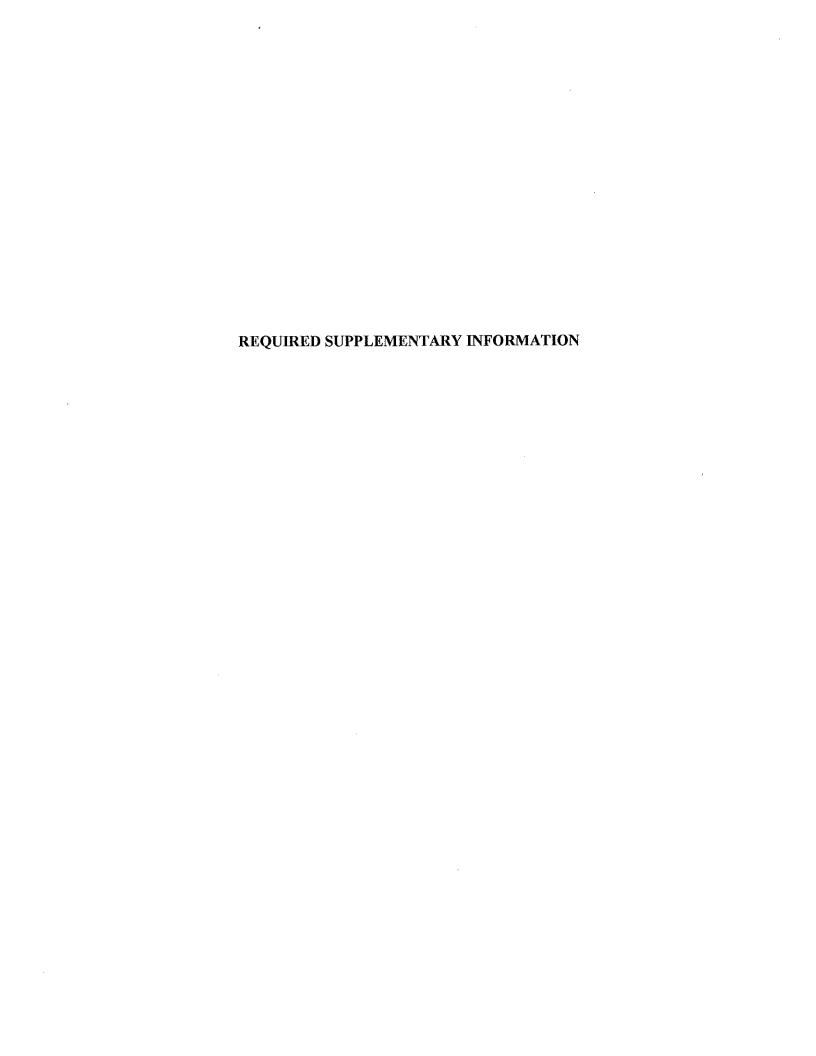
### Note 15: Condensed Segment Information on Component Units (continued)

Component Units Statement of Activities For the Year Ended June 30, 2008

	Children and Families	El Dorado Transit		
	Commission	Authority	Total	
Revenues:		,		
Program Revenues:				
Charges for current services	\$	\$ 1,119,927	\$ 1,119,927	
Operating grants and contributions	2,012,396	4,093,495	6,105,891	
Capital grants and contributions		564,216	564,216	
General Revenues:				
Use of money or property	243,756	167,543	411,299	
Other revenues		53,754	53,754	
Total Revenues	2,256,152	5,998,935	8,255,087	
Expenses:				
Health and sanitation	1,787,444	***	1,787,444	
Public ways and facilities		6,212,509	6,212,509	
Total Expenses	1,787,444	6,212,509	7,999,953	
Change in net assets	468,708	(213,574)	255,134	
Net Assets - Beginning of Year	5,579,053	8,182,385	13,761,438	
Net Assets - End of Year	\$ 6,047,761	\$ 7,968,811	\$ 14,016,572	

### Note 16: Subsequent Events

The County receives significant revenues from the State of California (State) and the State continues to experience cash flow problems. During the fiscal year ending June 30, 2008, the State delayed the disbursement of revenues to the County to help alleviate the State's cash flow problems. This condition continues and the County anticipates further reductions and delays in State funding in the next fiscal year further reducing and adversely affecting the County's cash flow.



Required Supplementary Information For the Year Ended June 30, 2008

### SCHEDULE OF FUNDING PROGRESS

The tables below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

#### Miscellaneous Plan

Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/05 6/30/06 6/30/07	\$ 300,683,309 343,482,244 379,808,188	\$ 259,377,379 285,498,483 316,605,643	\$ 41,305,930 57,983,761 63,202,545	86.3% 83.1% 83.4%	\$ 68,268,957 80,807,657 92,029,127	60.5% 71.8% 68.7%
			Safety Plan			
ValuationDate	Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/05 6/30/06 6/30/07	\$ 135,837,649 153,493,254 167,483,888	\$ 107,793,103 118,945,127 131,342,533	\$ 28,044,546 34,548,127 36,141,355	79.4% 77.5% 78.4%	\$ 18,515,246 22,211,594 24,034,538	151.5% 155.5% 150.4%

The table below shows actuarial accrued liability and the unfunded actuarial liability as a percentage of the annual covered payroll for the Retiree's Health Benefit Plan. This is the first year of GASB 45 implementation for the recognition of this liability over a 20 year period as of June 30:

#### Retiree's Health

Valuation Date	Accrued Liability	Actuarial Value of Assets		Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/08	\$ 112,218,000	\$	9	112,218,000	0.0%	\$ 129,300,000	86.8%

### Budgetary Comparison Schedule General Fund For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)	
Budgetary fund balances, July 1	\$ 23,091,984	\$ 24,374,442	\$ 24,374,442	\$	
Resources (inflows):					
Taxes	93,883,781	93,883,781	91,159,908	(2,723,873)	
Licenses, permits and franchises	6,635,815	6,639,328	6,302,589	(336,739)	
Fines, forfeits and penalties	1,068,056	1,068,056	897,189	(170,867)	
Use of money or property	2,859,840	2,859,840	1,663,419	(1,196,421)	
Intergovernmental revenue - State	39,431,250	40,067,069	33,879,422	(6,187,647)	
Intergovernmental revenue - Federal	16,599,632	17,257,830	18,083,317	825,487	
Revenue other governmental agencies	717,908	717,908	933,678	215,770	
Charges for services	20,591,253	19,870,985	19,292,370	(578,615)	
Miscellaneous revenue	1,926,369	2,030,850	1,982,672	(48,178)	
Other financing sources	20,079,222	21,108,158	17,283,863	(3,824,295)	
	203,793,126	205,503,805	191,478,427	(14,025,378)	
Amounts available for appropriation	226,885,110	229,878,247	215,852,869	(14,025,378)	
Charges to appropriations (outflows):					
Canada Canaminant					
General Government					
Board of Supervisors	1 201 471	1 201 471	1,309,194	82,277	
Salaries and employee benefits	1,391,471	1,391,471	57,419	59,487	
Services and supplies	117,466	116,906	31,419	1,220	
Other charges	1,220	1,220		1,760	
Capital assets	(2.470	1,760	50.690	12,799	
Intrafund transfers	63,479	63,479	50,680	12,199	
Intrafund abatement	(668)	(668)	(668)	157,543	
	1,572,968	1,574,168	1,416,625	137,343	
County Administrative Office					
Salaries and employee benefits	1,524,198	1,524,198	1,450,375	73,823	
Services and supplies	349,861	351,381	273,320	78,061	
Other charges	44,278	44,278	26,639	17,639	
Intrafund transfers	36,218	36,218	33,496	2,722	
Intrafund abatement	(50,000)	(50,000)	·	(50,000)	
	1,904,555	1,906,075	1,783,830	122,245	
Annual Audit					
Services and supplies	80,970	99,470	99,470		
Sortions and supplies	80,970	99,470	99,470		
	30,770		,		

continued

A. Par (Controller	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Auditor/Controller	ф <u>1077</u> 255	Ф 3.077.355	Φ 0.60£000	n 202.022
Salaries and employee benefits	\$ 2,977,355	\$ 2,977,355	\$ 2,684,322	\$ 293,033
Services and supplies	120,335	120,335	95,238	25,097
Other charges Intrafund transfers	2,502 308,411	2,502 308,411	307,394	2,502 1,017
Intrafund transfers Intrafund abatement	(55,886)	(55,886)	(57,467)	1,581
mnarung avatement	3,352,717	3,352,717	3,029,487	323,230
	3,332,717	3,332,717	3,029,461	323,230
Treasurer/Tax Collector				
Salaries and employee benefits	2,309,274	2,309,273	2,230,860	78,413
Services and supplies	528,494	528,495	383,032	145,463
Other charges	2,238	2,238		2,238
Other financing uses	4,500	4,500	4,240	260
Intrafund transfers	393,592	401,437	391,836	9,601
Intrafund abatement	(15,206)	(15,406)	(9,752)	(5,654)
	3,222,892	3,230,537	3,000,216	230,321
A				
Assessor	2 574 226	3,609,136	2 606 900	2,327
Salaries and employee benefits	3,574,226	150,010	3,606,809	10,193
Services and supplies Other charges	186,664 5,110	2,010	139,817 20	1,990
Capital assets	1,800	1,800	20	1,800
Intrafund transfers	442,596	449,338	437,702	11,636
inital transicis	4,210,396	4,212,294	4,184,348	27,946
		· · · · · · · · · · · · · · · · · · ·		
Purchasing				
Salaries and employee benefits	635,970	635,970	512,703	123,267
Services and supplies	32,757	32,899	28,488	4,411
Other charges	495	495		495
Capital assets	1,600	1,600	20.200	1,600
Intrafund transfers	24,606 695,428	24,606 695,570	20,309 561,500	4,297
	093,428	093,370	361,300	134,070
County Counsel				
Salaries and employee benefits	2,478,592	2,478,592	2,196,084	282,508
Services and supplies	376,558	734,498	300,197	434,301
Other charges	2,163	2,163	·	2,163
Capital assets	6,000	6,350	·	6,350
Intrafund transfers	57,178	57,178	35,718	21,460
Intrafund abatement			(51,970)	51,970
•	2,920,491	3,278,781	2,480,029	798,752
				continued

# Budgetary Comparison Schedule (continued) General Fund For the Fiscal Year Ended June 30, 2008

		Original Budget		Final Budget	·	Actual Amount	F	ariance with inal Budget Positive (Negative)
Human Resources Salaries and employee benefits	\$	961,563	\$	961,563	\$	920,562	\$	41,001
Services and supplies	φ	303,009	Ψ	300,151	Ψ	120,133	Ψ	180,018
Other charges		699		974		230		744
Capital assets		7,500		7,500				7,500
Intrafund transfers		29,471		32,054		30,401		1,653
Intrafund abatement		(45,000)		(45,000)				(45,000)
		1,257,242		1,257,242		1,071,326		185,916
Recorder - Elections								
Salaries and employee benefits		866,183		879,479		879,477		2
Services and supplies		1,990,597		1,974,296		478,931		1,495,365
Other charges		930		930		39		.891
Capital assets		53,300		53,300		2,759		50,541
Intrafund transfers		35,309		38,314		38,312		2
		2,946,319		2,946,319		1,399,518		1,546,801
Communications								
Salaries and employee benefits		652,047		652,047		649,281		2,766
Services and supplies		1,949,835		1,906,579		1,653,476		253,103
Capital assets		187,000		312,660		158,666		153,994
Intrafund transfers		12,409		22,009		4,924		17,085
Intrafund abatement		(907,418)		(907,418)		(902,428)		(4,990)
		1,893,873		1,985,877		1,563,919		421,958
Mail and Courier								
Salaries and employee benefits		98,947		98,947		55,008		43,939
Services and supplies		24,228		24,228		21,910	•	2,318
Intrafund transfers		2,118		2,118		1,813		305
Intrafund abatement		(113,394)		(113,394)		(115,594)		2,200
		11,899		11,899		(36,863)	-	48,762
Buildings and Grounds								
Salaries and employee benefits		3,022,384		3,022,384		2,702,387		319,997
Services and supplies		1,499,474		1,499,198		1,493,779		5,419
Other charges		243,148		243,148		231,739		11,409
Intrafund transfers		69,152		69,152		68,406		746
Intrafund abatement		(173,715)		(173,715)		(231,659)		57,944
		4,660,443		4,660,167		4,264,652		395,515

## Budgetary Comparison Schedule (continued) General Fund For the Fiscal Year Ended June 30, 2008

Property Management	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Salaries and employee benefits	e 21.505	e 11505	e 01.421	Φ 74
Services and supplies	\$ 21,505 8,624	\$ 21,505	\$ 21,431	\$ 74
Other charges	150	8,624 150	6,082 350	2,542 (200)
Intrafund transfers	2,291	2,291	725	1,566
Interest (table)	32,570	32,570	28,588	3,982
	02,070	<u> </u>	20,500	
County Promotion				
Services and supplies	671,765	804,791	588,475	216,316
••	671,765	804,791	588,475	216,316
			-	<u> </u>
Information Technologies				
Salaries and employee benefits	4,415,068	4,415,068	4,300,222	114,846
Services and supplies	2,205,901	2,233,044	1,582,330	650,714
Other charges	3,169	3,169		3,169
Capital assets	181,900	230,627	213,275	17,352
Intrafund transfers	124,650	124,650	122,942	1,708
Intrafund abatement	(3,345,838)	(3,345,838)	(3,292,163)	(53,675)
	3,584,850	3,660,720	2,926,606	734,114
Commence				
Surveyor	1.025.406	1.025.406	1 005 107	110 200
Salaries and employee benefits Services and supplies	1,935,406 182,016	1,935,406	1,825,107	110,299
Other charges	1,272	201,151 1,272	84,348 146	116,803 1,126
Capital assets	48,590	29,455	2,520	26,935
Intrafund transfers	230,443	230,443	187,167	43,276
Intrafund abatement	(359,094)	(359,094)	(361,269)	2,175
Indiana dodonom	2,038,633	2,038,633	1,738,019	300,614
				300,011
General Services Administration				
Salaries and employee benefits	1,311,950	1,311,950	1,295,551	16,399
Services and supplies	305,322	306,570	237,888	68,682
Other charges	32,409	32,409	20,458	11,951
Intrafund transfers	74,828	74,828	49,974	24,854
Intrafund abatement	(318,086)	(318,086)	(260,566)	(57,520)
	1,406,423	1,407,671	1,343,305	64,366
Employee Benefits	#00 00¢	07.406		
Salaries and employee benefits	500,000	95,403	12,264	83,139
Services and supplies	46,552	31	10.051	31
	546,552	95,434	12,264	83,170

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Engineer		A 555.000	h 112.700	e (11.211
Services and supplies	\$ 805,000	\$ 755,000	\$ 143,689	\$ 611,311 806,885
Other charges	2,602,797	2,602,797	1,795,912	17,319
Intrafund transfers	15,000	65,000	1,987,282	1,435,515
	3,422,797	3,422,797	1,907,202	1,433,313
Contribution to Other Funds				
Services and supplies	753,587	708,587	221,289	487,298
Other charges	135,901	157,695	157,694	1
Other financing uses	26,332,021	26,855,040	18,468,581	8,386,459
•	27,221,509	27,721,322	18,847,564	8,873,758
Contribution to Other Agencies				
Services and supplies	84,200	163,400	163,400	
Other charges	1,443,488	1,443,488	1,443,488	
<b>0</b>	1,527,688	1,606,888	1,606,888	
Contribution to Airports				
Other financing uses	113,412	113,412	74,057	39,355_
	113,412	113,412	74,057	39,355
Other General				
Other financing uses	55,000	55,000	62,768	(7,768)
Intrafund transfers	531,200	528,200	517,493	10,707
Intrafund abatement	(331,113)	(331,113)	(331,113)	
	255,087	252,087	249,148	2,939
General Government	69,551,479	70,367,441	54,220,253	16,147,188

	Original Budget	Final Budget	Actual Amount	Fi	nriance with nal Budget Positive Negative)
Public Protection	 	 			
Superior Court MOE					
Services and supplies	\$ 1,134,000	\$ 1,517,000	\$ 1,513,846	\$	3,154
Other charges	851,283	1,008,283	1,007,797		486
•	 1,985,283	 2,525,283	2,521,643		3,640
Grand Jury		 			
Salaries and employee benefits	293	325	321		4
Services and supplies	128,549	138,729	131,148		7,581
Intrafund transfers	 6,116	 10,904	 10,406		498
	134,958	 149,958	141,875		8,083
District Attorney					
Salaries and employee benefits	7,177,487	7,306,555	7,288,305		18,250
Services and supplies	588,877	701,028	673,289		27,739
Other charges	4,185	4,185	784		3,401
Capital assets	29,800	20,518	11,042		9,476
Intrafund transfers	171,606	208,257	204,103		4,154
Intrafund abatement	(7,234)	(7,234)	(4,000)		(3,234)
	 7,964,721	8,233,309	 8,173,523		59,786
Child Support Services					
Salaries and employee benefits	4,089,779	4,027,729	3,784,511		243,218
Services and supplies	464,460	517,368	464,325		53,043
Other charges	3,958	3,958	363		3,595
Capital assets	4,566	4,566	1,969		2,597
Intrafund transfers	514,353	545,253	532,303		12,950
	 5,077,116	 5,098,874	4,783,471		315,403
Public Defender					
Salaries and employee benefits	2,673,106	2,706,590	2,608,317		98,273
Services and supplies	199,959	416,275	293,900		122,375
Other charges	1,884	400	-		400
Intrafund transfers	45,979	53,979	51,469		2,510
	2,920,928	 3,177,244	2,953,686		223,558
Sheriff-Bailiff					
Salaries and employee benefits	3,130,140	3,173,588	2,939,018		234,570
Services and supplies	211,869	211,869	145,698		66,171
Capital assets	3,702	3,702	***		3,702
Other charges	8,900	11,254	11,253		1
Intrafund transfers	2,184	2,184	2,275		(91)
	 3,356,795	 3,402,597	3,098,244		304,353
	 				continued

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Sheriff	0 07 000 744	A AO OOO 700	A 05 055 010	¢ 0.165.151
Salaries and employee benefits	\$ 27,328,764	\$ 28,020,799	\$ 25,855,348	\$ 2,165,451
Services and supplies	4,783,920	5,184,886	4,367,689	817,197 39,723
Other charges	40,108	144,435	104,712	674,274
Capital assets	864,625	1,232,884	558,610 58,180	2,047
Other financing uses	54,500	60,227	433,262	30,332
Intrafund transfers	448,594	463,594	*	4,140
Intrafund abatement	22 520 511	35,106,825	(4,140)	3,733,164
	33,520,511	35,100,823	31,373,001	3,733,104
Central Dispatch				
Salaries and employee benefits	2,724,496	2,724,496	2,206,138	518,358
Services and supplies	96,166	96,316	81,840	14,476
Capital assets	31,650	31,650	1,504	30,146
Intrafund transfers	18,883	18,883	15,647	3,236
	2,871,195	2,871,345	2,305,129	566,216
Jail				
Salaries and employee benefits	13,316,035	13,322,961	11,774,604	1,548,357
Services and supplies	2,167,825	2,196,507	1,945,879	250,628
Other charges	15,275	15,275	4,923	10,352
Capital assets	45,700	29,156	4,792	24,364
Intrafund transfers	141,776	188,276	200,132	(11,856)
	15,686,611	15,752,175	13,930,330	1,821,845
Juyenile Hall				
Salaries and employee benefits	4,520,991	4,520,990	4,170,836	350,154
Services and supplies	709,410	717,253	554,297	162,956
Other charges	163,125	163,125	67,697	95,428
Capital assets	8,000	34,453	34,428	25
Intrafund transfers	86,793	86,793	66,689	20,104
Influence validation	5,488,319	5,522,614	4,893,947	628,667
Probation Department	6 520 527	6,570,342	6,005,826	564,516
Salaries and employee benefits	6,530,527 1,324,652	1,495,988	892,648	603,340
Services and supplies	21,346	21,346	39	21,307
Other charges	333,550	279,148	281,916	(2,768)
Other financing uses	12,000	12,000	530	11,470
Capital assets Intrafund transfers	395,743	395,743	354,096	41,647
meratung transfers	8,617,818	8,774,567	7,535,055	1,239,512
	5,517,616	0,777,001	.,000,000	

# Budgetary Comparison Schedule (continued) General Fund For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Agricultural Commission Salaries and employee benefits Services and supplies Other charges Other financing uses Intrafund transfers	\$ 1,245,650	\$ 1,245,650	\$ 1,194,525	\$ 51,125
	302,477	302,477	234,010	68,467
	1,919	1,919	1,842	77
	3,000	3,390	3,389	1
	47,542	47,152	38,913	8,239
	1,600,588	1,600,588	1,472,679	127,909
Building Inspector Salaries and employee benefits Services and supplies Other charges Capital assets Intrafund transfers Intrafund abatement	5,469,451	5,469,451	5,429,792	39,659
	397,033	683,433	590,556	92,877
	7,832	7,832	6,456	1,376
	12,500	12,500	4,538	7,962
	459,945	473,114	467,292	5,822
	(16,556)	(16,556)	(16,556)	
	6,330,205	6,629,774	6,482,078	147,696
Coroner Salaries and employee benefits Services and supplies Intrafund transfers	524,386	529,271	666,903	(137,632)
	217,261	219,761	200,010	19,751
	4,743	4,743	2,775	1,968
	746,390	753,775	869,688	(115,913)
Emergency Services Salaries and employee benefits Services and supplies Other charges Capital assets Intrafund transfers	585,305	661,967	443,317	218,650
	147,181	199,313	139,201	60,112
		40,000	33,273	6,727
	32,000	40,651	30,433	10,218
	4,980	4,980	10,226	(5,246)
	769,466	946,911	656,450	290,461
Recorder/Clerk Salaries and employee benefits Services and supplies Other charges Capital assets Intrafund transfers	1,239,529	1,181,221	1,118,086	63,135
	264,763	206,294	138,184	68,110
	1,772	1,772		1,772
	46,900	39,112	13,280	25,832
	126,698	126,698	112,952	13,746
	1,679,662	1,555,097	1,382,502	172,595

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Planning and Zoning Salaries and employee benefits	\$ 2,818,045	\$ 2,818,045	\$ 2,619,527	\$ 198,518
Services and supplies	1,658,739	1,366,324	453,627	912,697
Other charges	108,316	108,316	35,894	72,422
Intrafund transfers	302,111	303,942	304,077	(135)
matura transicis	4,887,211	4,596,627	3,413,125	1,183,502
Animal Control				
Salaries and employee benefits	1,495,677	1,445,342	1,445,342	(0.01.5)
Services and supplies	642,295	728,195	738,110	(9,915)
Other charges	325,931	299,366	311,076	(11,710)
Capital assets	32,000	13,800	13,712	88
Other financing uses	335,000	335,000	340,159	(5,159)
Intrafund transfers	80,456	89,656	86,456	3,200
	2,911,359	2,911,359	2,934,855	(23,496)
Public Guardian	022 140	932,140	916,588	15,552
Salaries and employee benefits	932,140 60,446	60,446	68,815	(8,369)
Services and supplies	141,530	141,530	13,881	127,649
Other charges	65,439	65,439	50,399	15,040
Intrafund transfers	1,199,555	1,199,555	1,049,683	149,872
Cemeteries				
Salaries and employee benefits	64,470	64,470	39,472	24,998
Services and supplies	48,482	48,482	8,550	39,932
Other charges	235	235	233	2
Capital assets	8,000	8,000		8,000
Intrafund transfers	18,154_	18,154	3,242	14,912
	139,341	139,341	51,497	87,844
Public Protection	107,888,032	110,947,818	100,023,121	10,924,697
Health and Sanitation Public Health				
Salaries and employee benefits	2,428,656	2,421,773	2,238,494	183,279
Services and supplies	422,482	425,140	329,574	95,566
Other charges	5,733	5,733	1,864	3,869
Capital assets	5,755	4,225	4,153	72
Capital assets Intrafund transfers	538,831	538,831	496,923	41,908
Intrafund transfers Intrafund abatement	(464,138)	(464,138)	(399,023)	(65,115)
THI WITH A CALCINCIA	2,931,564	2,931,564	2,671,985	259,579
Health and Sanitation	2,931,564	2,931,564	2,671,985	259,579
				continued

# Budgetary Comparison Schedule (continued) General Fund For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Public Assistance			•	
Social Services Administration Salaries and employee benefits Services and supplies Other charges Capital assets Intrafund transfers Intrafund abatement	\$ 11,703,058 1,875,482 982,829 8,000 591,750 (75,540) 15,085,579	\$ 11,160,103 2,095,438 982,829 103,855 629,600 (75,540) 14,896,285	\$ 10,100,885 2,218,650 911,471 78,007 621,146 (25,724) 13,904,435	\$ 1,059,218 (123,212) 71,358 25,848 8,454 (49,816) 991,850
				-
Social Services Programs Salaries and employee benefits Services and supplies Other charges Other financing uses Intrafund abatement	4,257,076 1,142,025 1,554,814 25,000 1,190 6,980,105	4,257,076 1,157,025 1,554,814 25,000 1,190 6,995,105	4,267,040 998,604 1,717,904 15,000 8,131 7,006,679	(9,964) 158,421 (163,090) 10,000 (6,941) (11,574)
Categorical Aids				
Other charges	13,296,681 13,296,681	13,698,313 13,698,313	13,611,782 13,611,782	86,531 86,531
Aids to Indigents				
Services and supplies Other charges	19,000 164,000 183,000	19,000 164,000 183,000	14,200 134,012 148,212	4,800 29,988 34,788
Veterans' Services				
Salaries and employee benefits Services and supplies Other charges Intrafund transfers	365,470 82,033 353 21,002 468,858	365,470 118,437 353 21,002 505,262	356,675 63,425  18,754 438,854	8,795 55,012 353 2,248 66,408
Public Assistance	36,014,223	36,277,965	35,109,962	1,168,003
Education County Library Salaries and employee benefits Services and supplies Other charges Capital assets	2,332,415 615,224 6,670 14,300	2,390,114 741,188 6,670 14,300	2,354,644 689,477 4,696 13,515	35,470 51,711 1,974 785
Intrafund transfers	85,077	91,077	87,266	3,811
	3,053,686	3,243,349	3,149,598	93,751

# Budgetary Comparison Schedule (continued) General Fund For the Fiscal Year Ended June 30, 2008

		Original Budget		Final Budget		Actual Amount	ariance with Final Budget Positive (Negative)
University of California							
Cooperative Extension							
Salaries and employee benefits	\$	222,663	\$	222,663	\$	221,992	\$ 671
Services and supplies		29,635		36,010		14,800	21,210
Other charges		102,845		102,845		74,880	27,965
Intrafund transfers		16,679		17,104		14,116	2,988
		371,822		378,622		325,788	 52,834
Education		3,425,508		3,621,971		3,475,386	 146,585
Recreation and Cultural Services							
Recreation							
Salaries and employee benefits		709,572		709,572		653,812	55,760
Services and supplies		323,707		330,034		241,397	88,637
Other charges		26,062		36,502		17,437	19,065
Capital assets	•	27,000		36,331		27,806	8,525
Other financing uses		49,894		49,894			49,894
Intrafund transfers		34,419		37,419		34,705	2,714
Intrafund abatement		(37,000)	_	(37,000)		(728)	(36,272)
	_	1,133,654	_	1,162,752		974,429	 188,323
Historical Museum							
Salaries and employee benefits		82,388		82,388		82,068	320
Services and supplies		52,577		56,597		32,962	23,635
Capital assets		4,800		4,800		3,408	1,392
Intrafund transfers		10,831		10,831		7,585	 3,246
		150,596	_	154,616	_	126,023	 28,593
Recreation and Cultural Services		1,284,250		1,317,368		1,100,452	 216,916
Contingency							
Appropriation for contingencies		5,790,054		4,414,120			 4,414,120
		5,790,054		4,414,120			 4,414,120
Contingency		5,790,054		4,414,120_			 4,414,120
Total Charges to Appropriations		226,885,110	_	229,878,247		196,601,159	 33,277,088
Budgetary Balances, June 30	\$	+=	\$		\$	19,251,710	\$ 19,251,710

### Budgetary Comparison Schedule (continued) General Fund For the Fiscal Year Ended June 30, 2008

An explanation of the differences between budgetary inflows and outflows, and GAAP revenue and expenditures:

### Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$	215,852,869
Difference budget to GAAP		
The fund balance at the beginning of the year is a budgetary		
resource but is not a current year revenue for financial reporting purposes		(24,374,442)
The transfers from other funds are inflows of budgetary resources,		(24,374,442)
but are not revenues for financial reporting purposes.		(17,283,863)
Total revenues as reported on the statement of revenues,		
expenditures, and changes in fund balance governmental funds	<u>\$</u>	174,194,564
<u>Uses/outflow of resources:</u>		
Actual amounts (budgetary basis) "total charges to appropriations"		
from budgetary comparison schedule	\$	196,601,159
Difference budget to GAAP		
Intrafund transfers out are a budgetary use of funds but are		
not expenditures for financial reporting purposes	_	(19,492,883)
Total expenditures as reported on the statement of revenues,		
expenditures, and changes in fund balance governmental funds	\$	177,108,276

### Budgetary Comparison Schedule Road Fund For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 4,316,055	\$ 4,446,608	\$ 4,446,608	\$
Resources (inflows):				
Taxes and assessments	19,185	19,185	16,053	(3,132)
Licenses, permits and franchises	103,576	103,576	80,955	(22,621)
Revenue from use of money or property	122,642	122,642	158,722	36,080
Intergovernmental revenue - State	14,834,408	14,834,408	13,196,357	(1,638,051)
Intergovernmental revenue - Federal	6,832,407	6,832,407	3,601,710	(3,230,697)
Charges for services	5,340,840	5,430,840	3,445,747	(1,985,093)
Miscellaneous revenues	6,658,833	6,658,833	733,200	(5,925,633)
Other financing sources	103,845,143	105,878,683	47,462,609	(58,416,074)
	137,757,034	139,880,574	68,695,353	(71,185,221)
Amounts available for appropriations	142,073,089	144,327,182	73,141,961	(71,185,221)
Charges to appropriations (outflows):				•
Public Ways and Facilities				
Salaries and employee benefits	26,776,006	26,776,006	21,618,780	5,157,226
Services and supplies	89,377,737	89,394,292	38,930,687	50,463,605
Other charges	23,233,711	25,342,251	4,872,752	20,469,499
Capital assets	4,463,292	4,567,068	1,152,181	3,414,887
Other financing uses	250,000	275,222	18,774	256,448
Intrafund transfers	10,380,250	10,380,250	7,383,106	2,997,144
Intrafund abatement	(12,407,907)	(12,407,907)	(9,423,675)	(2,984,232)
Public Ways and Facilities	142,073,089	144,327,182	64,552,605	79,774,577
Total Charges to Appropriations	142,073,089	144,327,182	64,552,605	79,774,577
Budgetary fund balances, June 30	\$	\$	\$ 8,589,356	\$ 8,589,356

# Budgetary Comparison Schedule (continued) Road Fund For the Fiscal Year Ended June 30, 2008

An explanation of the differences between budgetary inflows and outflows, and GAAP revenue and expenditures:

### Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparisons schedule	\$ 73,141,961
Difference budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial	
reporting purposes	(4,446,608)
The transfers from other funds are inflows of budgetary resources,	
but are not revenues for financial reporting purposes.	(47,443,179)
Total revenues as reported on the statement of revenues,	
expenditures, and changes in fund balance governmental funds	\$ 21,252,174
<u>Uses/outflow of resources:</u>	
Actual amounts (budgetary basis) "total charges to appropriations"	
from budgetary comparison schedule	\$ 64,552,605
Difference budget to GAAP	
Transfers out to other funds are a budgetary use of funds but are	
not expenditures for financial reporting purposes	(18,774)
Total expenditures as reported on the statement of revenues,	
expenditures, and changes in fund balance governmental funds	\$ 64,533,831

Notes to Required Supplementary Information For the Year Ended June 30, 2008

#### BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

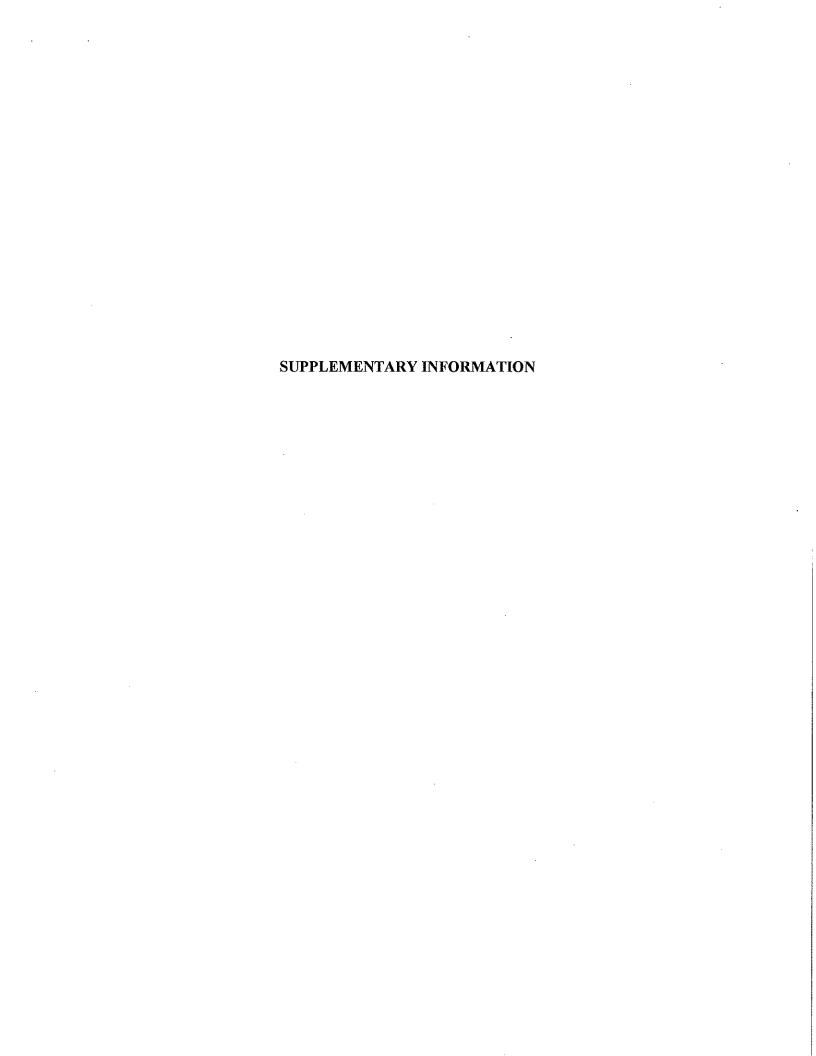
An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may legally not exceed appropriations. The County Administrator approves any budget amendments transferring appropriation within object categories such as salaries and benefits or services and supplies. In addition, the County Administrator also approves budget amendments transferring appropriation between object categories. The Board of Supervisors approves budget amendments transferring appropriation between budget units, departments, or funds. The Board of Supervisors also approves appropriations from unappropriated reserves and unanticipated revenues received during the year. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year.

The County uses an encumbrances system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

The budget approved by the Board of Supervisors for the general fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other Governmental Funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

The budgets for the governmental funds may include an object level known as "intrafund transfers" in the charges for appropriations. This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund (an example would be the General Fund).

The amounts reported in the budgetary basis differ from the basis used to present the basic financial statements in accordance with generally accepted accounting principles (GAAP). Annual budgets are prepared on the modified accrual basis of accounting except that current year encumbrances are budgeted as expenditures.



### Combining Statement of Fund Net Assets Internal Service Funds June 30, 2008

<u>ASSETS</u>	Fleet Management		Risk Management Authority			Total
Current Assets:						
Cash and investments	\$	2,626,937	\$	42,903,777	\$	45,530,714
Cash with fiscal agent	Ψ	2,020,70	*	139,939	-	139,939
Account receivable		11,879		257,742		269,621
Due from other funds		23,430		,·		23,430
Deposits				83,100		83,100
Inventory		38,498		,		38,498
Total Current Assets		2,700,744		43,384,558		46,085,302
Total Culique Associs		2,,,,,,,,				
Capital assets:						40.000
Land		40,000				40,000
Structures and improvements		659,905				659,905
Equipment		11,002,930		55,028		11,057,958
Accumulated depreciation		(5,354,318)		(23,606)	_	(5,377,924)
Total Capital Assets, net of						< 0.50 0.00
accumulated depreciation		6,348,517		31,422		6,379,939
Total Assets	<u>\$</u>	9,049,261	\$	43,415,980	<u>\$</u>	52,465,241
<u>LIABILITIES</u>						
Current Liabilities:						
Accounts payable	\$	73,013	\$	1,544,009	\$	1,617,022
Salaries and benefits payable		9,541		13,337		22,878
Liability for self-insurance				5,071,944		5,071,944
Total Current Liabilities		82,554		6,629,290		6,711,844
Long-Term Liabilities:						
Liability for self-insurance				12,760,316		12,760,316
Liability for other post-employment benefits				11,967,793		11,967,793
Compensated absences-due beyond one year		29,694		28,160		57,854
Total Long-Term Liabilities		29,694		24,756,269		24,785,963
Total Liabilities		112,248		31,385,559		31,497,807
NET ASSETS						
Invested in capital assets, net of related debt		6,348,517		31,422		6,379,939
Restricted		1,699,749				1,699,749
Unrestricted		888,747		11,998,999		12,887,746
Total Net Assets		8,937,013		12,030,421		20,967,434
Total Liabilities and Net Assets	\$	9,049,261	\$	43,415,980	<u>\$</u>	52,465,241

# Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Fiscal Year Ended June 30, 2008

	Fleet Management		Risk Management Authority		Totals	
Operating Revenues: Service fees	\$	2,127,885	\$	32,076,358	\$	34,204,243
Operating Expenses:						
Salaries and benefits		450,249		646,688		1,096,937
Services and supplies		781,854		32,408,474		33,190,328
Depreciation		944,668		4,497		949,165
Total Operating Expenses		2,176,771		33,059,659		35,236,430
Operating Income (Loss)		(48,886)	_	(983,301)		(1,032,187)
Non Operating Revenues (Expenses):						
Interest income		101,723		1,409,111		1,510,834
Gain (loss) on sale of capital assets		(334)				(334)
Miscellaneous nonoperating revenue		11,511		881,039		892,550
Total Non-Operating Revenues (Expenses)		112,900		2,290,150		2,403,050
Income (Loss) Before Transfers						
and Contributions		64,014		1,306,849		1,370,863
Capital contributions		54,734		34,424		. 89,158
Transfers in		97,285				97,285
Change in Net Assets	<del></del> -	216,033		1,341,273		1,557,306
Net Assets - Beginning of Year		8,720,980		10,689,148		19,410,128
Net Assets - End of Year	\$	8,937,013	\$	12,030,421	\$	20,967,434

### Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2008

	Fleet Management	Risk Management Authority	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:		<b>* *</b> 1 0 1 0 0 <b>0</b> 0	A 2101251	
Cash receipts from internal fund services provided	\$ 2,123,708	\$ 31,919,838	\$ 34,043,546	
Cash paid to suppliers for goods and services	(961,873)	• • • • • • • • • • • • • • • • • • • •	(28,420,387)	
Cash paid to employees for salaries and benefits	(436,823)	(701,599)	(1,138,422)	
Net cash provided (used) by operating activities	725,012	3,759,725	4,484,737	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer in	73,855	**	73,855	
Non-operating revenues	11,511	881,039	892,550	
Net cash provided (used) by noncapital financing	0.7.044	001.020	000 105	
activities	85,366	881,039	966,405	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	126,063	m+4	126,063	
Payments related to the acquisition of capital assets	(1,364,045)	(34,424)	(1,398,469)	
Capital contributions	54,734	34,424	89,158	
Net cash provided (used) by capital and related financing				
activities	(1,183,248	)	(1,183,248)	
CASH FLOWS FROM INVESTING ACTIVITIES			•	
Interest received	101,723	1,409,111	1,510,834	
Net cash provided by investing activities	101,723	1,409,111	1,510,834	
N				
Net increase (decrease) in cash and cash equivalents	(271,147	6,049,875	5,778,728	
and Cash equivalents	(2,1,14)	, 0,015,010	-,,	
Cash and cash equivalents, beginning of year	2,898,084	36,993,841	39,891,925	
Cash and cash equivalents, end of year	\$ 2,626,937	\$ 43,043,716	\$ 45,670,653	

## Combining Statement of Cash Flows (continued) Internal Service Funds For the Fiscal Year Ended June 30, 2008

	Risk					
	Fleet Management		Management Authority			
					Total	
Reconciliation of operating income (loss) to net cash					•	
provided by (used in) operating activities:						
Operating income (loss)	\$	(48,886)	\$	(983,301)	\$	(1,032,187)
Adjustments to reconcile operating income (loss)						
to cash flows from operating activities:						
Depreciation		944,668		4,497		949,165
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable		(4,177)		(156,520)		(160,697)
Inventory		42,895				42,895
Increase (decrease) in:						
Accounts payable		(222,914)		969,901		746,987
Salaries payable		2,904		(1,463)		1,441
Liability for compensated absences		10,522		(53,448)		(42,926)
Liability for self-insurance				370,223		370,223
Liability for other post employment benefits		***		3,609,836		3,609,836
Net Cash Provided (Used) by						
Operating Activities	<u>\$</u>	725,012	\$	3,759,725	\$	4,484,737

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March 26, 2009

Bartig, Basler & Ray, LLP A Gallina LLP Company 925 Highland Pointe Drive, Suite 450 Roseville, CA 95678-5418

This letter is in connection with your examination of the Statements of Revenues and Expenditures of the County of El Dorado Community Services and Development grants for the period July 1, 2007 through June 30, 2008 for the purpose of expressing an opinion as to whether the grant financial statements present fairly in all material respects, the revenues and expenditures of the aforementioned grant in conformity with generally accepted accounting principles. We confirm to the best of our knowledge and belief, the following representations made to you during your audit:

- 1. We are responsible for the fair presentation of the Statements of Approved Budget and Cumulative Expenditures in conformity with generally accepted accounting principles.
- 2. We have made available to you all financial records and related data applicable to your review.
- 3. There have been no material transactions that have not been recorded in the accounting records underlying the grant financial statements.
- 4. There have been no errors or fraud involving management or employees who have significant roles in the system of internal accounting control.
- 5. There have been no errors or fraud involving other employees that could have a material effect on the grant financial statements.
- 6. We have complied with all aspects of contractual agreements that would have a material effect on the grant financial statements in the event of non-compliance.

#### 7. There are no:

- a. Violations or possible violations of laws or regulations whose effect would be considered for disclosure in the grant financial statements or as a basis for recording a loss contingency.
- b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 4.
- c. There are no unasserted claims or assessments that our legal counsel has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.
- d. No events have occurred subsequent to the end of the grant reporting period that would require adjustment to, or disclosure in, the grant financial statements.
- 8. There are no unasserted claims or assessments that our legal counsel has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.
- 9. No events have occurred subsequent to the end of the grant reporting period that would require adjustment to, or disclosure in, the grant financial statements.

Sincerely,

Tynda Webb Grant Financial Manager

3/26/09

Grant Manager

3/26/09